

Non-Profit Organization FY22 Grant Application

Please fill in the information below and click the SUBMIT button.

The information will automatically be sent to the Carroll County Administrator's Office.

Non-Profit organization grants are only eligible for capital related projects and must not be used to supplement operational budgets.

Name of Organization: *

Free Clinic of the Twin Counties

Street Address *

140 Larkspur Ln

Address Line 2

Suite C

City *

Galax

State *

Virginia

Zip Code *

24333

Phone Number *

2762360421

Email Address *

mdeal@galaxfreeclinic.org

Capital Project Cost Estimate: *

\$15000.00

Describe how the organization plans to use the funds. Please include how use of funds will ensure long term viability of the organization: *

The Free Clinic of the Twin Counties will use these funds for the continuation of the treatment of the low-income, uninsured residents of the Twin Counties. The money will go to funding the purchase of medical supplies and equipment, purchase diabetic testing supplies and education material, and to possibly help with overhead cost such as rent and utilities

Impact the funds will have on the citizens of Carroll County: *

These funds will impact the citizens of Carroll County by giving the Free Clinic of the Twin Counties the ability to continue to see those residents who do not have insurance, and are low income.

FREE CLINIC OF THE TWIN COUNTIES

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FREE CLINIC OF THE TWIN COUNTIES
DECEMBER 31, 2020
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors
Free Clinic of the Twin Counties

I have reviewed the accompanying financial statements of the Baptist Medical Clinic, Inc. (a nonprofit organization D/B/A Free Clinic of the Twin Counties), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 company 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, I 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 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

My responsibility is to conduct the review engagement 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modification that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Mobile, Alabama
June 10, 2021

RAH

*R A Headrick, Jr., CPA, LLC
Certified Public Accountant*

FREE CLINIC OF THE TWIN COUNTIES
STATEMENT OF FINANCIAL POSITON
DECEMBER 31, 2020

ASSETS

Current assets

Cash and cash equivalents	\$ 129,905
Total current assets	<u>129,905</u>

Property and Equipment

Equipment	20,210
Furniture and fixtures	2,534
Improvements	1,438
Accumulated depreciation	<u>(17,198)</u>
Total property and equipment, net	<u>6,984</u>

TOTAL ASSETS	\$ <u>136,889</u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 3,309
Payroll taxes payable	<u>15,576</u>
Total current liabilities	<u>18,885</u>

Net assets

Without donor restrictions	<u>118,004</u>
Total net assets	<u>118,004</u>

TOTAL LIABILITIES AND NET ASSETS	\$ <u>136,889</u>
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See the accompanying notes to the financial statements and independent accountant's report

FREE CLINIC OF THE TWIN COUNTIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions
SUPPORT AND REVENUES	
Contributions	\$ 212,907
TOTAL SUPPORT AND REVENUES	<u>212,907</u>
EXPENSES	
Medical Program	<u>11,343</u>
Supporting services	
Management and general	157,791
Fundraising	<u>11,096</u>
Total supporting services	<u>168,887</u>
TOTAL EXPENSES	<u>180,230</u>
DECREASE IN NET ASSETS BEFORE OTHER REVENUE/(EXPENSES)	32,677
OTHER REVENUE/(EXPENSE)	
Insurance reimbursement for fire damage	49,244
Interest income	79
Miscellaneous expense	<u>(11)</u>
TOTAL OTHER REVENUE/(EXPENSE)	49,312
TOTAL INCREASE IN NET ASSETS	81,989
NET ASSETS	
Beginning of year	33,140
Prior period adjustment - see note 6	<u>2,875</u>
NET ASSETS, END OF YEAR	<u><u>\$ 118,004</u></u>

See the accompanying notes to the financial statements and independent accountant's report

FREE CLINIC OF THE TWIN COUNTIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Medical Program	Management and General	Fundraising	Total
Advertising	\$ -	\$ -	\$ 834	\$ 834
Payroll taxes	4,764	-	-	4,764
Cleaning Supplies	-	153	-	153
Commissions and fees	-	5,001	-	5,001
Conference	-	500	-	500
Cutlery	-	-	262	262
Depreciation	-	724	-	724
Dues and supplies	-	4,581	-	4,581
Educational materials	-	1,141	-	1,141
Employee rights posted	-	77	-	77
Equipment rental	-	1,232	-	1,232
Insurance - Liability	-	3,602	-	3,602
Insurance - Workers compensation	-	421	-	421
Legal and professional	-	9,185	-	9,185
Marketing and outreach	-	-	10,000	10,000
Medical supplies	6,329	-	-	6,329
Office equipment	-	2,939	-	2,939
Office supplies	-	4,627	-	4,627
Payroll expenses	-	88,290	-	88,290
Postal and delivery	-	712	-	712
Rent or lease	-	24,375	-	24,375
Repair and maintenance	250	-	-	250
State taxes	-	329	-	329
Taxes and licenses	-	1,372	-	1,372
Utilities	-	7,960	-	7,960
Miscellaneous	-	570	-	570
Total functional expenses	<u>\$ 11,343</u>	<u>\$ 157,791</u>	<u>\$ 11,096</u>	<u>\$ 180,230</u>

See the accompanying notes to the financial statements and independent accountant's report

**FREE CLINIC OF THE TWIN COUNTIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts received from contributions	\$ 212,907
Receipts from interest	79
Receipt of insurance proceeds	49,244
Paid to suppliers and vendors	(80,050)
Paid to employees	(88,290)
NET CASH FROM OPERATING ACTIVITIES	<u>93,890</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Prior period adjustment to add property and equipment and current liabilities	<u>2,875</u>
NET CASH FROM INVESTING ACTIVITIES	<u>2,875</u>

CASH FLOWS FROM FINANCING ACTIVITIES

NET CASH FROM FINANCING ACTIVITIES	<u>-</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS 96,765

Cash and cash equivalents, beginning of Fiscal Year 33,140

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 129,905

See the accompanying notes to the financial statements and independent accountant's report

**FREE CLINIC OF THE TWIN COUNTIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Baptist Medical Clinic, Inc. first opened August 3, 1992 and was incorporated June 1993. The Baptist Medical Clinic, Inc. is a nonprofit organization doing business as the Free Clinic of the Twin Counties. The Clinic was formed to provide healthcare to low-income, uninsured residents of Carroll County, Grayson County, or the City of Galax. The Clinic utilizes charitable gifts of a network of volunteers to provide health, dental, and pharmacy services to indigent patients. Contributions received by the Clinic is its source of cash support, which is utilized to pay for administrative expenses.

Basis of accounting

The Clinic's financial statements have been prepared on the accrual basis of accounting. The Clinic is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets

The financial statements are presented in accordance with ASC 958, Not-for-Profit Entities, which requires the Clinic to report 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.

Net assets with donor restrictions are those amounts restricted by donors or grantors for use during a specific time period or for a particular purpose. The expiration of a donor's restriction is evidenced by a transfer of net assets with donor restrictions to the net assets without donor restrictions. Net assets of the Clinic at December 31, 2020 consists of net assets without donor restrictions.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions for which donors have imposed restrictions, which limit the use of donated assets, are reported as restricted support if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

There were no restricted contributions received during 2020.

**FREE CLINIC OF THE TWIN COUNTIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, including money market accounts, and certificates of deposit with initial maturities of three months or less.

Income taxes

The Clinic is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes is made in the accompanying financial statements.

The Clinic believes it has appropriate support for any tax positions taken and, therefore, does not have any uncertain tax positions that are material to the financial statements. The tax years 2017 through 2020 remain open to examination.

Functional allocation of expenses

Program and supporting service expenses have been reported by function in the statement of activities. It is management's policy to charge direct expenses to the related function. Indirect expenses are allocated according to percentages determined by management based primarily on the distribution of wages and the portion of the facility related to each function.

Property, plant, and equipment

Property, plant, and equipment are stated at cost and are depreciated using the straight-line method in accordance with generally accepted accounting principles. Minor additions and repairs are expensed in the year incurred. Assets costing more than \$100 are capitalized and depreciated using the straight-line method over the useful lives of the assets, which ranges from five to fifteen years. Total depreciation expense for 2020 was \$724.00.

Concentration of credit risk

The Clinic maintains cash balances at one financial institution. Periodically, the Clinic's cash balances may exceed federally insured limits. The Clinic believes there is no significant risk with respect to these deposits.

**FREE CLINIC OF THE TWIN COUNTIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – MEASURE OF OPERATIONS

The Clinic's operating revenues in excess of expenses include all operating revenues and expenses that are an integral part of its programs and supporting activities and net assets released from donor restrictions to support operating expenses. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions according to the Clinic's spending policy, which is detailed in Note 3.

As of December 31, 2020, there were no donor restricted funds. Also, the Board of Directors had no funds designated for special projects at December 31, 2020.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FUNDS

The Clinic has \$129,905 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$129,905. None of the financial assets are subject to donor restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Clinic has a goal to maintain financial assets, which consist of cash on hand, to meet 90 days of normal operating expenses, which are, on average, approximately \$45,000. The Clinic has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As of December 31, 2020, there were no designated or restricted net assets.

FREE CLINIC OF THE TWIN COUNTIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 – ALLOCATION OF COSTS

During 2020, the Clinic conducted activities that included program, management, and fundraising components. Those costs are allocated directly as follows.

Medical program	\$ 11,343	6.29%
Management and administration	157,791	87.55%
Fund raising	<u>11,096</u>	<u>6.16%</u>
	<u>\$ 180,230</u>	<u>100.00%</u>

NOTE 5 – SUBSEQUENT EVENTS

Management's evaluation of subsequent events through June 10, 2021, which is the date the financial statements were available to be issued, revealed no significant matters to be recorded or disclosed.

NOTE 6 – PRIOR PERIOD ADJUSTMENT

During 2020, management made an adjustment in which property and equipment and payable amounts were added to the financial statements, which had been obtained or accumulated in previous years. Management recorded the property and equipment and related accumulated depreciation, which resulted in a net increase in property and equipment of \$7,708, increased payables by \$4,833, and increased net assets without donor restrictions by \$2,875.

NOTE 7 – LEASE OF OFFICE SPACE AND LAND

The Clinic leases an office for its operations. The initial term of the lease began April 23, 2010 and ended May 14, 2011. The Clinic has the right to renew the lease each year if the Clinic provides the lessor notice of its intent to renew before November 4th of each lease term. The Clinic has continued to renew the lease up to December 31, 2020. The lease payment began at \$1,875 and the lessor has the right to increase the lease amount by 3% at the beginning of each year in which the lease is renewed.

Non-Profit Organization FY22 Grant Application

Please fill in the information below and click the SUBMIT button.

The information will automatically be sent to the Carroll County Administrator's Office.

Non-Profit organization grants are only eligible for capital related projects and must not be used to supplement operational budgets.

Name of Organization: *

Helping Overcome Poverty's Existence (HOPE Inc.)

Street Address *

680 W. Main St.

Address Line 2

City *

Wytheville

State *

Virginia

Zip Code *

24382

Phone Number *

2762334449

Email Address *

jstidham@wythehope.org

Capital Project Cost Estimate: *

\$6,504.35

Describe how the organization plans to use the funds. Please include how use of funds will ensure long term viability of the organization: *

\$4,004.35 will go to our property located on Hillcrest St. in Hillsville. These units are low-income units reserved for Mount Rogers Permanent Supportive Housing residents in Carroll County. The restrictions on this property are that the individual has to be 50% or lower of the AMI and that the rent they pay out of pocket cannot be more than 30% of their take home pay. \$2,500 will go to our HOPE packs program to be restricted for providing food assistance to kids attending Carroll County public schools. This will be in the form of take-home, non-perishable food over the weekends and holidays when school lunches are not available.

Impact the funds will have on the citizens of Carroll County: *

The funds requested will impact your citizens in two ways. The first will provide long-term, sustainable housing to a critical need population. Generally, people of the Mt. Rogers PSH are adults with mental disabilities or recently incarcerated and at risk for homelessness. The second aspect will be to provide food assistance to children of families who struggle to make ends meet. We want to make sure that everyone has a warm place to sleep and food to eat. Your funding will allow us to work towards making sure this applies to Carroll County citizens in need.

Submitted to the Carroll County Administrative Office and Finance Department.

**HELPING OVERCOME
POVERTY'S EXISTENCE, INC.**

**AUDITED FINANCIAL STATEMENTS
June 30, 2021 and June 30, 2020**

HELPING OVERCOME POVERTY'S EXISTENCE, INC.

Wytheville, Virginia

AUDITED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Helping Overcome Poverty's Existence, Inc.
Wytheville, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Helping Overcome Poverty's Existence, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021 and 2020, and 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 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's judgement, 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 that 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 Helping Overcome Poverty's Existence, Inc. as of June 30, 2021 and 2020, and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles, generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary schedules listed in the Table of Contents are also presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated January 12, 2022, on our consideration of Helping Overcome Poverty's Existence, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Hicok, Brown & Company
Abingdon, Virginia
January 12, 2022

INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

Board of Directors
Helping Overcome Poverty's Existence, Inc.
Wytheville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Helping Overcome Poverty's Existence, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 12, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Helping Overcome Poverty's Existence, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Helping Overcome Poverty's Existence, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Helping Overcome Poverty's Existence, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect of the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Hicok, Brown & Company". The script is cursive and fluid, with the company name written in a single line.

Hicok, Brown & Company
Abingdon, Virginia
January 12, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Helping Overcome Poverty's Existence, Inc.
Wytheville, Virginia

Report on Compliance for Each Major Federal Program

We have audited Helping Overcome Poverty's Existence, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Helping Overcome Poverty's Existence, Inc.'s major federal programs for the year ended June 30, 2021. Helping Overcome Poverty's Existence, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Helping Overcome Poverty's Existence, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Helping Overcome Poverty's Existence, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Helping Overcome Poverty's Existence, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Helping Overcome Poverty's Existence, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Helping Overcome Poverty's Existence, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Helping Overcome Poverty's Existence, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Helping Overcome Poverty's Existence, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Hicok, Brown & Company
Abingdon, Virginia
January 12, 2022

Helping Overcome Poverty's Existence, Inc.
Wytheville, Virginia
Statement of Financial Position
For the Year Ended June 30, 2021 and 2020

Exhibit A

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 107,506	\$ 319,081
Investments	300,744	59,950
Prepaid expenses	20,533	17,777
Grants/accounts receivable	147,630	82,936
Inventory	507,915	495,387
Loan escrow deposits	30,771	29,713
Mortgages receivable	113,683	119,763
Deferred notes receivable	21,668	28,355
Property and equipment - net	<u>3,123,460</u>	<u>3,014,692</u>
Total Assets	<u>\$ 4,373,910</u>	<u>\$ 4,167,654</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 19,765	\$ 5,539
Accrued expenses	5,435	14,150
Deferred revenue	-	270,833
Security deposits and escrows	12,300	11,501
Accrued leave	17,359	16,684
Line of credit	-	64,212
Notes payable	<u>2,003,915</u>	<u>2,263,260</u>
Total Liabilities	<u>2,058,774</u>	<u>2,646,179</u>
 <u>NET ASSETS</u>		
Without donor restrictions	1,566,872	701,698
With donor restrictions	<u>748,264</u>	<u>819,777</u>
Total Net Assets	<u>2,315,136</u>	<u>1,521,475</u>
Total Liabilities and Net Assets	<u>\$ 4,373,910</u>	<u>\$ 4,167,654</u>

The Notes to Financial Statements are an integral part of this statement

Helping Overcome Poverty's Existence, Inc.
Wytheville, Virginia
Statement of Activities
For the Year Ended June 30, 2021

Exhibit B
Page 1 of 2

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and other changes			
Home/lot sales	\$ 33,000	\$ -	\$ 33,000
Less Cost of homes/lots sold	(46,223)	-	(46,223)
Net Home sales	(13,223)	-	(13,223)
Grant revenue	13,468	1,641,204	1,654,672
Contributions	1,112,579	238,491	1,351,070
Rent	160,982	-	160,982
Miscellaneous	28,189	-	28,189
Inkind	6,108	-	6,108
Investment income	649	-	649
Event income	12,282	-	12,282
Open Door Café	-	188,950	188,950
Net assets released from restrictions			
Restrictions satisfied by payments	2,140,158	(2,140,158)	-
Total Revenue	3,461,192	(71,513)	3,389,679
Expenses			
Program services	2,444,717	-	2,444,717
Management and general	119,385	-	119,385
Fundraising	31,916	-	31,916
Total Expenses	2,596,018	-	2,596,018
Change in net assets	865,174	(71,513)	793,661
Net assets, beginning of year	701,698	819,777	1,521,475
Net assets, end of year	\$ 1,566,872	\$ 748,264	\$ 2,315,136

The Notes to Financial Statements are an integral part of this statement.

Helping Overcome Poverty's Existence, Inc.
Wytheville, Virginia
Statement of Activities
For the Year Ending June 30, 2020

Exhibit B
Page 2 of 2

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and other changes			
Home/lot sales	\$ 153,000	\$ -	\$ 153,000
Less Cost of homes/lots sold	(161,377)	-	(161,377)
Net Home sales	(8,377)	-	(8,377)
Grant revenue	17,000	926,589	943,589
Contributions	462,899		462,899
Rent	155,541	-	155,541
Miscellaneous	18,260	-	18,260
Investment income	661	-	661
Event income	4,120	4,631	8,751
Open Door Café	-	242,395	242,395
Net assets released from restrictions			
Restrictions satisfied by payments	1,204,187	(1,204,187)	-
Total Revenue	1,854,291	(30,572)	1,823,719
Expenses			
Program services	1,434,537	-	1,434,537
Management and general	100,161	-	100,161
Fundraising	25,594	-	25,594
Total Expenses	1,560,292	-	1,560,292
Change in net assets	293,999	(30,572)	263,427
Net assets, beginning of year	407,699	850,349	1,258,048
Net assets, end of year	\$ 701,698	\$ 819,777	\$ 1,521,475

The Notes to Financial Statements are an integral part of this statement

Helping Overcome Poverty's Existence, Inc.
Wytheville, Virginia
Statement of Functional Expenses
For the Year Ended June 30, 2021

Exhibit C
Page 1 of 2

	Program Services	Management and General	Fundraising	Total
Specific assistance	\$ 1,588,086	\$ -	\$ -	\$ 1,588,086
Open Door Café	178,858	-	-	178,858
Grants to other organizations	2,431	-	-	2,431
Salaries and wages	339,721	43,402	18,565	401,688
Employee benefits	56,987	10,616	4,090	71,693
Payroll taxes	29,736	3,265	1,600	34,601
Depreciation	87,784	845	51	88,680
Interest expense	29,864	290	-	30,154
Office expense	1,934	2,642	339	4,915
Postage and printing	4,292	2,403	1,358	8,053
Professional fees	4,290	34,900	22	39,212
Telephone and internet	17,145	7,313	741	25,199
Travel	2,384	1,849	-	4,233
Staff development	611	158	10	779
Utilities	5,296	2,089	121	7,506
Rent and lease expense	10,800	-	-	10,800
Maintenance	38,418	4,341	262	43,021
Development and marketing expense	17,909	520	4,661	23,090
Membership dues	600	140	-	740
Insurance	20,069	4,013	75	24,157
Licenses and taxes	5,985	35	2	6,022
Miscellaneous	-	-	-	-
Subscriptions	1,517	564	19	2,100
Total expenses	<u>\$ 2,444,717</u>	<u>\$ 119,385</u>	<u>\$ 31,916</u>	<u>\$ 2,596,018</u>

The Notes to the Financial Statements are an integral part of this statement.

Helping Overcome Poverty's Existence, Inc.
Wytheville, Virginia
Statement of Functional Expenses
For the Year Ended June 30, 2020

Exhibit C
Page 2 of 2

	Program Services	Management and General	Fundraising	Total
Specific assistance	\$ 522,411	\$ -	\$ -	\$ 522,411
Open Door Café	210,132	-	-	210,132
Grants to other organizations	42,768	-	-	42,768
Salaries and wages	320,601	48,039	17,659	386,299
Employee benefits	54,123	10,970	3,933	69,026
Payroll taxes	28,123	2,916	1,679	32,718
Depreciation	79,526	637	39	80,202
Interest expense	51,024	3,586	-	54,610
Office expense	2,439	1,106	220	3,765
Postage and printing	3,655	2,042	727	6,424
Professional fees	5,592	14,400	219	20,211
Telephone and internet	25,615	6,557	552	32,724
Travel	7,686	87	-	7,773
Staff development	530	-	-	530
Utilities	7,949	3,362	202	11,513
Rent and lease expense	10,820	-	-	10,820
Maintenance	25,321	1,832	110	27,263
Development and marketing expense	8,034	-	72	8,106
Membership dues	100	140	-	240
Insurance	17,649	3,673	60	21,382
Licenses and taxes	7,171	-	-	7,171
Miscellaneous	2,620	577	111	3,308
Subscriptions	648	237	11	896
Total expenses	<u>\$ 1,434,537</u>	<u>\$ 100,161</u>	<u>\$ 25,594</u>	<u>\$ 1,560,292</u>

The Notes to Financial Statements are an integral part of this statement

Helping Overcome Poverty's Existence, Inc.
Wytheville, Virginia
Statement of Cash Flows
For the Years Ended June 30, 2021 and 2020

Exhibit D

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 793,661	\$ 263,427
Adjustments to reconcile net cash from operating activities:		
Depreciation	88,680	80,202
Deferred notes receivable	6,687	4,548
(Gain) loss on sale of lot	13,223	-
(Increase) decrease in:		
Prepaid expenses	(2,756)	352
Grants receivable	(64,694)	(52,825)
Inventory	3,170	94,743
Loan escrow deposits	(1,058)	(4,537)
Mortgage receivable	6,080	11,529
Increase (decrease) in:		
Accounts payable	14,228	(1,371)
Deferred revenue	(279,548)	279,049
Accrued leave	675	6,161
Security deposits	799	2,441
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>579,147</u>	<u>683,719</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of lot	33,000	153,000
Purchase of property and equipment	(259,369)	(230,753)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(226,369)</u>	<u>(77,753)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	1,080	435,806
Principal payments on long-term debt	(324,639)	(625,709)
Net borrowings (payments) on lines of credit	-	(201,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(323,559)</u>	<u>(390,903)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,219	215,063
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>379,031</u>	<u>163,968</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 408,250</u>	<u>\$ 379,031</u>
SUPPLEMENTARY INFORMATION		
Interest paid during the year	<u>\$ 30,154</u>	<u>\$ 54,610</u>

The Notes to Financial Statements are an integral part of this statement

HELPING OVERCOME POVERTY'S EXISTENCE, INC.
Wytheville, Virginia
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and June 30, 2020

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

Helping Overcome Poverty's Existence, Inc. (HOPE, Inc.) uses grant funds and other public and private donations to initiate, assist, coordinate, develop, and carry out programs designed to assist with the housing affordability and the food security assistance needs for lower income and disadvantaged residents of Wythe, Bland, Carroll, Smyth, and Grayson Counties and the City of Galax, without regard to race, religion, national origin, physical ability, or household composition.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

HOPE, Inc. uses the accrual basis of accounting for financial reporting. Under this method, revenues and expenses are reflected in the accounts in the period in which they are considered to have been earned or incurred.

Basis of Financial Statement Presentation

HOPE, Inc. has adopted Financial Accounting Standard Boards Accounting Standards Codification (ASC) 958, "Not-for-Profit Entities." Under ASC 958, HOPE, Inc. is required to report information regarding its financial position and activities according to the following classes of net assets:

Net Assets With Donor Restrictions - The part of the net assets of the Organization resulting (a) from inflows of assets whose use by the Organization is limited by donor or grantor imposed stipulations that either expires by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and from reclassification to, or (c) from other classes of net assets as a consequence of donor or grantor imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the organization pursuant to those stipulations.

Net Assets Without Donor Restrictions - The part of net assets of the Organization that is not restricted by donor or grantor-imposed stipulations.

The Organization reports grants of cash and other assets as restricted support if they are received with grantor stipulations that limit the use of the grant asset. When the grantor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In addition, HOPE, Inc. is required to present a statement of cash flows. As permitted by the statement, HOPE, Inc. does not use fund accounting.

Revenue Recognition

Contributions received including unconditional promises to give, are generally recorded as with donor restrictions or without donor restrictions depending on the existence and nature of any donor restrictions.

HELPING OVERCOME POVERTY'S EXISTENCE, INC.

Wytheville, Virginia

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that require specialized skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Grants are recorded as either grant revenue or exchange transactions based on criteria contained in the grant award. Grant revenues are recorded as invoiced to the funding source and are recognized in the accounting period when the related allowable costs are incurred.

Contributed Services

During the year ended June 30, 2021 and 2020, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

As of June 30, 2021 and 2020, substantially all grants receivable are obligations of governmental agencies and nonprofit organizations.

Recognition of Bad Debt

The Organization's policy is to charge bad debts to expense based on the direct write off method which approximates the allowance method.

Advertising Costs

The Organization expenses advertising costs as they are incurred.

Economic Dependency

The Organization receives the majority of its funding from federal, state, and local governmental agencies. The Organization's operations are dependent upon continuing support from those grantors.

HELPING OVERCOME POVERTY'S EXISTENCE, INC.
Wytheville, Virginia
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax

HOPE, Inc. is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash on hand, checking accounts, and savings to be cash or cash equivalents.

Property and Equipment

Property and equipment that is purchased by the Organization that had a useful life in excess of one year and a cost of at least \$5,000 is capitalized and depreciated over the estimated useful life of the respective asset on a straight-line basis. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset 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 restricted support. 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 donor with restricted net assets to donor without restricted net assets at that time.

Function Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the program and supporting services.

NOTE C – INVENTORY

Inventory is valued at cost and at June 30, 2021 consists of real estate held for the development of affordable housing in the amount of \$500,716 and food and supplies for the Open Door Café, LLC in the amount of \$7,199. As of June 30, 2020, inventory consisted of real estate held for the development of affordable housing in the amount of \$484,337 and food and supplies for the Open Door Café, LLC in the amount of \$11,050.

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HELPING OVERCOME POVERTY'S EXISTENCE, INC.
Wytheville, Virginia
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and June 30, 2020

NOTE D – INVESTMENTS

Investments are comprised of the following:

	2021	2020
Edward Jones Money Market Account, recorded at the fair market value	\$ 124,129	\$ 54,320
First Bank and Trust Money Market Account, recorded at fair market value	175,034	-
Ambry Genetics Konica Minolta, recorded at the fair market value	1,581	5,630
	<u>\$ 300,744</u>	<u>\$ 59,950</u>

NOTE E – PROPERTY AND EQUIPMENT

Major classes of property and equipment consisted of the following:

	2021	2020
Land	\$ 651,255	\$ 713,176
Buildings and Improvements	2,932,366	2,699,542
Equipment	147,297	120,752
Total	3,730,918	3,533,470
Less: Accumulated Depreciation	(607,458)	(518,778)
Total	<u>\$ 3,123,460</u>	<u>\$ 3,014,692</u>

Depreciation expense for the years ended June 30, 2021 and 2020 amounted to \$88,680 and \$80,202.

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HELPING OVERCOME POVERTY'S EXISTENCE, INC.
Wytheville, Virginia
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and June 30, 2020

NOTE F - NOTES PAYABLE

	<u>2021</u>	<u>2020</u>
Virginia Housing Development Authority, issued June 26, 2013, bearing interest at 3.0%, payable in monthly installments of \$1,859.27 including principal and interest, due July 2043, secured by deed of trust on property in Hillsville, Virginia.	\$ 359,966	\$ 371,293
Virginia Housing Development Authority, issued September 2006, bearing interest at 3.5%, due October 2036, secured by deed of trust in property in Wytheville, Virginia.	67,063	70,312
Department of Housing and Community Development, issued September 2006, bearing interest at 3.0%, interest only note, due November 2021, secured by deed of trust on property in Wytheville, Virginia.	25,000	25,000
Commonwealth of Virginia, Department of Housing and Community Development, Amended HOME Loan, issued March 2013, bearing deferred interest at 1.0% per annum, deferred principle and interest due December 31, 2028, secured by deed of trust on property in Hillsville, Virginia.	500,000	500,000
Virginia Housing Development Authority, \$175,700 deferred loan issued May 2018, bearing interest at 0.00%, due June 2038, secured by property located in Galax, Virginia.	175,700	175,700
Virginia Housing Development Authority, \$140,000 loan issued December 2018, bearing interest at 1%, with monthly installments of \$768, due January 2049, secured by property located in Wytheville, Virginia.	130,211	134,290
Virginia Housing Development Authority, \$371,975 deferred loan issued December 2018, bearing interest only at 2%, due January 2039, secured by property located in Wytheville, Virginia.	371,975	371,975

HELPING OVERCOME POVERTY'S EXISTENCE, INC.
Wytheville, Virginia
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and June 30, 2020

NOTE F - NOTES PAYABLE (CONTINUED)

Virginia Housing Development Authority, \$180,000 deferred loan issued December 2018, bearing interest at 0%, due January 2034, secured by property located in Wytheville, Virginia.	180,000	180,000
Local Initiatives Support Corporation, \$20,000 note issued August 1, 2019, Interest is 0% . The note is due December 31, 2020.	-	11,250
Federation of Appalachian Housing Enterprises, Inc., \$200,556 note issued November 1, 2019, bearing interest at 5.75%, the monthly payment is \$1,110 and matures November 30, 2024.	-	199,440
Fowler Properties, LLC, \$84,000 note issued June 19, 2020. The loan is due within 180 days or as soon as thereafter.	44,000	74,000
U.S. Small Business Administration, \$150,000 note issued June 22, 2020, bearing interest of 3.75%. Loan is in deferment status until June 22, 2022 and will accrue interest until the first payment. The payment amount is \$641 and will be due monthly. This note matures in 30 years.	<u>150,000</u>	<u>150,000</u>
	<u>\$ 2,003,915</u>	<u>\$ 2,263,260</u>

Principle maturities of long-term debt are as follows:

Year Ended June 30,	Amount	Years Ended June 30,	Amount
2022	\$ 88,153	2027-2031	\$ 632,961
2023	22,427	2032-2036	333,361
2024	23,064	2037-2041	696,294
2025	23,722	2042-2046	100,934
2026	24,398	2047-2051	42,561
		2052-2056	<u>16,040</u>
		Total	<u>\$ 2,003,915</u>

HELPING OVERCOME POVERTY'S EXISTENCE, INC.
Wytheville, Virginia
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and June 30, 2020

NOTE G - LINES OF CREDIT

The Organization maintains a bank line of credit which provides for borrowings not to exceed \$175,000. Under the terms of the agreement, interest is payable monthly at 3.25%; the line is secured by real estate. As of June 30, 2021 the Organization had borrowed \$0. The line of credit expires July 3, 2022.

NOTE H - FORGIVABLE PORTIONS OF DEBT

The Organization received loans from various organizations to purchase and develop land into affordable housing for qualified individuals. These loans allow for a portion or all of the loans to be forgiven if certain criteria are met. As of June 30, 2021, the Organization has the following forgivable portion of debt:

The Organization entered into a loan agreement with the Virginia Department of Housing and Community Development (DHCD), via a grant from the Department of Housing and Urban Development (HUD) through the Federal HOME Investment Partnership Program, dated September 2006, in the amount of \$25,000 for the development of an affordable housing unit in Wytheville, VA. This loan is deferred for a compliance period of fifteen (15) years from the date of the deed of trust.

The Organization entered into a deferred loan agreement with the Virginia Department of Housing and Community Development (DHCD), via a grant from the Department of Housing and Urban Development (HUD) through the Federal HOME Investment Partnership Program, dated March 2013, in the amount of \$500,000 for the development of affordable housing units in Hillsville, VA. This loan is deferred for a compliance period of fifteen (15) years from the deed of trust. The loan may be deferred and forgiven at the discretion of the DHCD if the Organization agrees to extend the compliance period for an additional term, not to exceed an additional twenty (20) years.

The Organization entered into a deferred loan agreement with the Virginia Housing Development Authority (VHDA), dated May 2018, in the amount of \$175,700 for the development of affordable housing in Galax, Virginia. This loan may be deferred and forgiven, at June 2038, if the Organization complies with certain requirements.

The Organization entered into a deferred loan agreement with the Virginia Housing Development Authority (VHDA), dated December 2018, in the amount of \$371,975 for the development of affordable housing in Wytheville, Virginia. Interest only is paid on this loan at a rate of 2%. This loan may be deferred and forgiven, at January 1, 2039, if the Organization complies with certain requirements.

The Organization entered into a deferred loan agreement with the Virginia Housing Development Authority (VHDA), dated December 2018, in the amount of \$180,000 for the development of affordable housing in Wytheville, Virginia. This loan may be deferred and forgiven, at January 1, 2034, if the Organization complies with certain requirements.

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HELPING OVERCOME POVERTY'S EXISTENCE, INC.
Wytheville, Virginia
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and June 30, 2020

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	2021	2020
Infant Program	\$ 3,690	\$ 3,690
HOPE Packs	56,953	44,510
HOPE Ministry Center Phase 2 Capital Campaign	-	66,000
Morning Chorus Farm - Property Management	50,927	62,228
Wythe-Bland Foundation - HOPE Packs Grant	-	4,100
Wythe-Bland Foundation - HOPE Bookkeeping Grant	12,081	15,749
Wythe-Bland Foundation - 2021 Urgent Need	1,113	-
Wythe-Bland Foundation - Property	623,500	623,500
	<u>\$ 748,264</u>	<u>\$ 819,777</u>

The Organization has received funds from the Wythe-Bland Foundation for the purpose of purchasing an office complex and expanding a food security program. The grants included a requirement for securing additional matching contributions. The properties (land and building) are owned by HOPE, Inc., however, a forfeiture clause was recorded on the deeds. The forfeiture clause states that title to the properties and any improvements thereon shall transfer to the Wythe-Bland Foundation, in the event the properties cease to be used for a period of greater than sixty (60) days as a property owned and operated by HOPE, Inc. or its not-for-profit successor.

NOTE J - RETIREMENT BENEFITS

The Organization has a Savings Incentive Match Plan for employees of Small Employers (SIMPLE) as an employee benefit. All employees are eligible under the plan. For each calendar year, the Organization will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's contribution up to 3.0% of the employee's compensation for the calendar year. For the years ended June 30, 2021 and 2020, employer contributions to the plan totaled \$10,096 and \$9,801, respectively.

NOTE K - RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued Accounting Standard Update 2016-02, *Leases*, which requires recognition of lease assets and lease liabilities. The ASU is effective for the Organization for annual periods beginning after December 15, 2021 and is not expected to have a significant impact on the Organization's financial statements.

In May 2014, the FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*. ASU 2013-03 clarified revenue recognition principles to depict the transfer of goods or services in amounts that reflect the consideration the Organization expects to receive in exchange for those good or services. The Organization implemented this update for its year ended June 30, 2021 financial statements; the update does not have a significant impact on the Organization's financial statements.

HELPING OVERCOME POVERTY'S EXISTENCE, INC.

Wytheville, Virginia

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and June 30, 2020

NOTE K - RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

During the year, the Organization implemented Accounting Standards Update 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which provides guidance on whether a transfer of assets is a contribution or an exchange transaction. The effect of ASU 2014-09 and ASU 2018-08 on the Organization's financial statements were examined in conjunction with one another. The Organization's revenues from government grants and contracts are considered contributions because the customer does not receive commensurate value for the consideration received by the Organization; rather the purpose of these arrangements are for the benefit of the general public. Therefore, management concludes the agreements are conditional due to rights of return/release and barriers to entitlement of funds. Revenue is recognized when the condition is satisfied. Because the nature of conditions is either based on incurring qualifying expenses or satisfying a milestone or other deliverable, the pattern of revenue recognition remained consistent with previous years.

During the year, the Organization implemented Accounting Standards Update 2020-07, Not-for-Profit Entities: Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets. The Organization implemented this update for its year ended June 30, 2021 financial statements; the update does not have a significant impact on the Organization's financial statements.

NOTE L - LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Organization's financial assets as of June 30, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. The Organization maintains lines of credit that are available if needed for operational purposes, see Note G.

	Amount
Cash and cash equivalents	\$ 282,540
Investments	125,710
Grants/Accounts receivable	147,630
Mortgages receivable	113,683
Total financial assets	<u>669,563</u>
Less those unavailable for general expenditures within one year due to:	
Investments with liquidity horizons greater than one year	(1,581)
Mortgage payments to be received in greater than one year	(106,106)
Restrictions by donors/grants with time or purpose restrictions	<u>(121,334)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 440,542</u>

HELPING OVERCOME POVERTY'S EXISTENCE, INC.
Wytheville, Virginia
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and June 30, 2020

NOTE M – FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments under FASB Codification 825-10, *Disclosures About Fair Value of Financial Instruments*, as amended by FASB Codification 820-10, are determined based on relevant market information. These estimates involve uncertainty and cannot be determined with precision. The following methods and assumptions are used to estimate the fair value of each class of financial instrument:

The carrying amounts of cash, receivables, inventory, prepaid expenses, other current assets, deferred developer fees, investments, accrued liabilities, and payables on the consolidated statement of financial position approximate fair value due to the short-term nature of these items. The carrying amounts of debt, compensated absences, and notes receivable on the consolidated statement of financial position approximate fair value, which is estimated based on current market rates offered to or by the Organization for similar instruments.

FASB Codification 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB

Codification 820-10 also establishes a fair value hierarchy which requires the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly through corroboration with observable market data. Level 2 inputs include (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in markets that are not active, (c) inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates), and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Unobservable inputs used to measure fair value to the extent that observable inputs are not available and that are supported by little or no market activity for the asset or liability at the measurement date.

NOTE N – RELATED PARTIES

The Organization owns 100% of Open Door Café, LLC, which has been consolidated into these financial statements. The Café, operates a “donate what you can” restaurant.

NOTE O - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 12, 2022, the date which the financial statements were available to be issued.

HELPING OVERCOME POVERTY'S EXISTENCE, INC.
Wytheville, Virginia
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and June 30, 2020

NOTE P- CONTINGENT LIABILITIES

Federal programs in which the Agency participates were audited in accordance with the provisions of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to these provisions, major programs were tested for compliance with applicable grant requirements. In the opinion of management, any future disallowances of current program expenditures, if any, would be immaterial.

NOTE Q – REVENUE RECOGNITION

HOPE, Inc. has analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and has concluded that no changes are necessary to conform with the new standard. Revenue generally contains a single performance obligation and revenue is recognized at a single point in time. HOPE, Inc.'s revenue is generated substantially all from grants and contributions. These amounts are recognized pursuant to ASC 958, Not-for-Profit Entities – Revenue Recognition rather than ASC 606. As such and based on the nature of the HOPE, Inc.'s business, performance does not create an asset with an alternative use to HOPE, Inc. as HOPE, Inc. is not able to redirect services performed for another use or to another customer. Further, HOPE, Inc. has a right to payment for performance completed to date, at all times during the contract term. In addition, services and related recognition of revenue, are not significantly impacted by economic factors such as type of customer and geographical location.

HOPE, Inc. considers the contracted price of provided services to be the transaction price. Revenue is recognized at a point in time as the service is rendered.

NOTE R – COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The COVID-19 outbreak in the United States has caused business disruptions through mandated and voluntary closing of businesses and organizations. While the closings were temporary, there has been a change in the environment in how services are delivered along with the implementation of various safety protocols.

In an effort to mitigate the potential impact HOPE, Inc. may experience as a result of the COVID-19 outbreak, and in order to ensure its continued ability to pay employees, HOPE, Inc. applied for and received \$27,000 on April 5, 2020 in loan assistance through the Paycheck Protection Program ("PPP") administered by the United States Small Business Administration ("SBA") as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). HOPE, Inc. also applied and received a \$10,000 grant under the Economic Injury Disaster Loans ("EIDL") program, also administered by the SBA. Both amounts are considered conditional contributions, with a right of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that the funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent, and utilities) incurred

HELPING OVERCOME POVERTY'S EXISTENCE, INC.
Wytheville, Virginia
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and June 30, 2020

NOTE R – COVID-19 (CONTINUED)

following receipt of the funds. HOPE, Inc. is recognizing the amount received as contribution revenue as qualified expenses occur. Application for forgiveness of the loan was made with inclusion of compliance substantiation and certification therein. For the year ended June 30, 2020, HOPE, Inc. recorded \$37,000 of the PPP and EIDL funds as contributions with donor restrictions with a corresponding release from restriction to revenue without donor restrictions on the statement of activities.

SUPPLEMENTARY INFORMATION

Helping Overcome Poverty's Existence, Inc.
Wytheville, Virginia
Schedule of Revenue and Expenses - Open Door Cafe, LLC.
For the Year Ended June 30, 2021

Schedule A

		<u>Amount</u>
Revenues		
Contributions		\$ 103,106
Grants		17,173
ODC - operations		
Donations - meals	\$ 30,798	
Donations - tokens	10,198	
Donations - merchandise	1,766	
Other	<u>88</u>	
Total ODC - operations		42,850
Catering		2,660
Rents		11,700
Miscellaneous		25
Special events		<u>11,436</u>
Total revenues		<u>188,950</u>
Cost of good sold		
Beginning inventory	11,050	
Purchases	<u>40,396</u>	
Cost of goods available	51,446	
Ending inventory	<u>(7,199)</u>	
Cost of good sold		<u>44,247</u>
Gross profit		<u>144,703</u>
Operating expenses		
Salaries and benefits	80,881	
Professional fees	1,200	
Contract labor	1,195	
Bank fees	803	
Supplies	4,881	
Telephone	2,869	
Non-personnel expenses	6,839	
Membership Dues	490	
Licenses	55	
Miscellaneous	108	
Occupancy	33,392	
Travel and meeting	300	
Insurance	<u>1,598</u>	
Total operating expenses		<u>134,611</u>
Net income/(loss)		<u><u>\$ 10,092</u></u>

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
DEPARTMENT OF THE TREASURY		
Pass Through Payments		
Virginia Department of Housing and Community Development	21.019 *	\$ 686,666
Coronavirus Relief Fund	N/A	4,000
NeighborWorks America		690,666
Total		
U.S DEPARTMENT OF HOUSING AND AND URBAN DEVELOPMENT		
Direct Payments		
Supportive Housing Program	14.235	113,062
Pass Through Payments		
Virginia Department of Housing and Community Development	14.231	331,512
Emergency Solutions Grant Program	14.169	17,673
Housing Counseling Assistance Program		462,247
Total		
U.S. DEPARTMENT OF RURAL DEVELOPMENT		
Pass Through Payments		
Local Initiatives Support Corporation		
Rural Community Development Initiative	10.446	13,804
U.S. DEPARTMENT OF AGRICULTURE		
Direct Payments		
Community Food Program	10.225	8,629
TOTAL FEDERAL ASSISTANCE		\$ 1,175,346

*Denotes Major Program

Basis of Accounting

This schedule of expenditures of federal awards includes the federal award activity of Helping Overcome Poverty's Existence, Inc. under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200 Uniform Administrative Requirement, Cost Principle and Audit Requirement for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operation of the Program, it is not intended to and does not present the financial position, changes in net assets or cash flows of Helping Overcome Poverty's Existence, Inc.

Summary of Significant Accounting Policies

Expenditures on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-122, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Pass-through entity identifying numbers are present where available.

Indirect Cost Rate

Helping Overcome Poverty's Existence, Inc. has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients:

Helping Overcome Poverty's Existence, Inc. does not have any subrecipients for the year ended June 30, 2021.

Helping Overcome Poverty's Existence, Inc.
Wytheville, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Schedule C

1 Summary of Audit Results:

Financial Statements

Type of Auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material Weakness(es) identified?	No
Significant deficiency(es) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material Weakness(es) identified?	No
Significant deficiency(es) identified?	No
Type of auditors' report issued on compliance for major program?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
Auditee qualified as low-risk auditee?	No

Identification of Federal Programs:

<u>PROGRAM</u>	<u>CATALOG NUMBER</u>	<u>FINDINGS</u>	<u>QUESTIONED COST</u>
Coronavirus Relief Fund	21.019	None	None

2	Financial Statement Findings	None
3	Federal Award Findings	None
4	Status of Prior Audit Findings	None

Non-Profit Organization FY22 Grant Application

Please fill in the information below and click the SUBMIT button.

The information will automatically be sent to the Carroll County Administrator's Office.

Non-Profit organization grants are only eligible for capital related projects and must not be used to supplement operational budgets.

Name of Organization: *

Family Resource Center, Inc.

Street Address *

2171 W Lee Hwy

Address Line 2

PO Box 612

City *

Wytheville

State *

Virginia

Zip Code *

24382

Phone Number *

276-625-0219

Email Address *

karlim@frcinc.org

Capital Project Cost Estimate: *

We are requesting \$7,000 in capacity building funds.

Describe how the organization plans to use the funds. Please include how use of funds will ensure long term viability of the organization: *

Funds will support startup of LAP in partnership with CCSD and additional services available including crisis intervention, emergency shelter, counseling and ongoing support, court advocacy, information and referral, and safety planning. In addition there is an added value to any funds received from the county. We can use this money to match funding received from state and federal sources, with few exceptions this is always required. If we were to fall short on matching funds, we would have to turn back part of our grant funding.

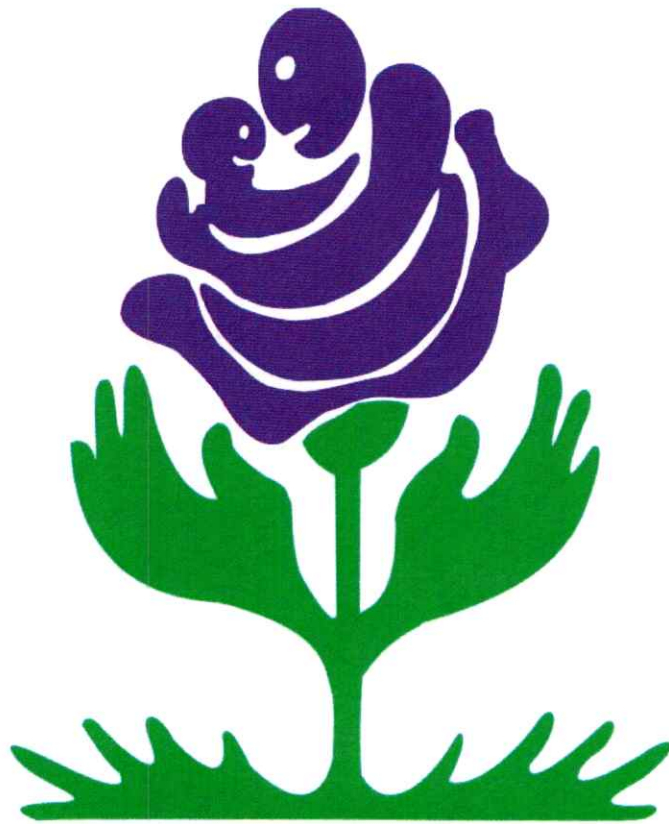
Impact the funds will have on the citizens of Carroll County: *

In cooperation with Carroll County Sheriff's Department, FRC will initiate and pilot a Lethality Assessment Program (LAP), a best practices approach designed to empower on-scene officers to quickly identify domestic violence victims who are at greatest risk of experiencing significant harm or death from their abuser and immediately connect them to a full range of intervention services such as shelter, safety planning, crisis counseling, education and support.

This expected impact is reduced domestic violence related homicide in Carroll County, as it has been demonstrated to do.

Submitted to the Carroll County Administrative Office and Finance Department.

FAMILY RESOURCE CENTER, INC.



FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

FAMILY RESOURCE CENTER, INC.
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

FAMILY RESOURCE CENTER, INC.
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report

**To the Board of Directors
Family Resource Center
Wytheville, Virginia**

We have audited the accompanying financial statements of Family Resource Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and 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 from 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 Family Resource Center as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 15 to the financial statements, in 2020, Family Resource Center adopted new accounting guidance, FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958); Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Robinson, Jarmon, Cox, Associates

Blacksburg, Virginia
January 21, 2021

Family Resource Center, Inc.
Statement of Financial Position
As of June 30, 2020

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 9,554
Grants Receivable	107,900
Prepaid Expenses	<u>5,401</u>
Total Current Assets	<u>\$ 122,855</u>
Noncurrent Assets:	
Property and Equipment (net of accumulated depreciation)	<u>\$ 259,221</u>
Total Assets	<u><u>\$ 382,076</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ 3,404
Deferred Revenue - Grants	37,004
Refundable Advance - PPP Forgivable Loan	135,255
Compensated Absences	26,549
Notes Payable	<u>72,918</u>
Total Liabilities	<u>\$ 275,130</u>
Net Assets:	
Net assets without donor restrictions	<u>\$ 106,946</u>
Total Liabilities and Net Assets	<u><u>\$ 382,076</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Family Resource Center, Inc.
Statement of Activities
For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>
REVENUES AND OTHER SUPPORT:	
Grants	\$ 1,037,893
United Way	15,150
Other-Local Government	10,313
In-Kind	14,251
Fundraising Activities	2,289
Other Income	21,483
	<hr/>
Total Revenues and Other Support	\$ 1,101,379
EXPENSES:	
Program Services:	
WBCF Fund	\$ 35,152
DSS Prevention and Service	157,391
CAN	59,788
VHSP	81,635
DCJS VSGP	598,003
VHDA CARES	4,958
DCJS SASP Fund	12,745
PPP Fund	38,338
V-Stop Fund	44,464
	<hr/>
Total Program Services	\$ 1,032,474
Supporting Services:	
Management and General	\$ 70,154
	<hr/>
Total Expenses	\$ 1,102,628
	<hr/>
Change in Net Assets	\$ (1,249)
	<hr/>
Net Assets, Beginning of Year	108,195
	<hr/>
Net Assets, End of Year	\$ 106,946
	<hr/>

The accompanying notes to financial statements are an integral part of this statement.

Family Resource Center, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Supporting Services		Program Services											
	Total	Management and General	WBCF	DSS Prevention and Service	CAN	VHSP	DCJS VSGP	VHDA CARES	DCJS SASP	PPP	V-Stop			
			Fund				Fund		Fund	Fund	Fund			
Donor development	\$ 422	\$ 422	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Copier expense	3,717	350	-	600	250	-	-	2,200	-	-	317			
Depreciation	14,764	14,764	-	-	-	-	-	-	-	-	-			
Dues and subscriptions	5,555	410	-	300	-	3,000	-	1,845	-	-	-			
Education and awareness	57	-	-	57	-	-	-	-	-	-	-			
Employee benefits	218,794	5,577	5,131	31,468	13,925	8,702	534	129,483	2,526	10,091	11,357			
Hotel and safe house rent	36,782	(2,650)	-	-	-	39,432	-	-	-	-	-			
In-kind	14,251	14,251	-	-	-	-	-	-	-	-	-			
Insurance	23,807	10,626	-	3,112	1,052	458	2,730	5,829	-	-	-			
Bank interest	9,040	7,588	-	-	-	36	-	550	-	866	-			
Technology	12,311	-	-	-	4,450	-	1,624	6,237	-	-	-			
Miscellaneous	692	635	-	-	-	31	-	26	-	-	-			
Office supplies	5,237	751	-	420	150	58	-	3,500	-	-	358			
Payroll taxes	49,589	639	2,566	7,499	2,722	1,702	-	30,971	1,010	-	2,480			
Postage	324	-	-	50	20	-	-	204	-	-	50			
Printing	1,532	-	-	393	-	-	-	1,139	-	-	-			
Audit and professional fees	9,250	1,400	-	-	-	203	-	7,647	-	-	-			
Program supplies	1,478	241	-	140	50	521	-	400	-	-	126			
Rent	12,350	950	-	1,860	625	-	-	8,915	-	-	-			
Repair and maintenance	9,506	-	-	1,400	489	540	70	7,007	-	-	-			
Training and conference	3,930	1,920	-	640	200	-	-	1,170	-	-	-			
Travel	16,803	593	-	5,000	1,800	-	-	8,014	-	-	1,396			
Utilities	40,222	(290)	-	7,356	2,128	4,963	-	18,462	-	5,323	2,280			
Wages and salaries	602,503	11,816	27,455	87,673	31,927	21,989	-	364,276	9,209	22,058	26,100			
Client assistance	9,712	161	-	9,423	-	-	-	128	-	-	-			
Total	\$ 1,102,628	\$ 70,154	\$ 35,152	\$ 157,391	\$ 59,788	\$ 81,635	\$ 598,003	\$ 4,958	\$ 12,745	\$ 38,338	\$ 44,464			

The accompanying notes to financial statements are an integral part of this statement.

Family Resource Center, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (1,249)
Adjustments to reconcile change in net assets to cash provided by (used for) operating activities:	
Depreciation	14,764
(Increase) decrease in prepaid expenses	2,442
(Increase) decrease in receivables	(94,410)
Increase (decrease) in accounts payable	(6,725)
Increase (decrease) in refundable advance	173,000
Increase (decrease) in compensated absences	(1,716)
Increase (decrease) in deferred revenue	29,564
	<hr/>
Net cash provided by (used for) operating activities	\$ 115,670

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on notes payable	\$ (43,824)
Principal payments on line of credit	(245,158)
Issuance of line of credit	178,000
Principal payments on short-term loans payable	(103,526)
Issuance of short-term loans payable	103,526
	<hr/>
Net cash provided by (used for) financing activities	\$ (110,982)
Net increase (decrease) in cash	\$ 4,688
Cash and cash equivalents, beginning of year	<hr/> 4,866
Cash and cash equivalents, end of year	<hr/> <hr/> \$ 9,554

The accompanying notes to financial statements are an integral part of this statement.

Family Resource Center, Inc.
Notes to the Financial Statements
As of June 30, 2020

NOTE 1—PURPOSE OF THE ORGANIZATION:

Family Resource Center, Inc., (the Center), was organized in 1983 as a non-stock, non-profit corporation under the provisions of Chapter 2, Title 13 of the Code of Virginia (1950 as amended). The primary purpose for which the Center was organized is to provide shelter, counseling, education, and related care to victims of violence, sexual assault, and other traumas.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Accounting

The Center maintains its assets and liabilities and records its income and expenses by use of the accrual basis of accounting. Under the accrual basis, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

B. Financial Statement Presentation

The Center is required to report information regarding its financial position and activities according to the following two classes of net assets based on the existence or absence of donor-imposed restrictions:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. At June 30, 2020, the Center had net assets without donor restrictions of \$106,946.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or the passage of time. At June 30, 2020, the Center had no net assets with donor restrictions.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an original maturity of three months or less from the date of acquisition.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Compensated Absences

Upon separation of employment the Center's employees are entitled to the amount of unused vacation time that has accrued. At June 30, 2020, this amount totaled \$26,549.

F. Revenue Recognition

The Center recognizes contribution revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-For-Profit Entities*. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. At June 30, 2020, no contributions were donor restricted.

Family Resource Center, Inc.
Notes to the Financial Statements
As of June 30, 2020 (continued)

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Revenue Recognition (Continued)

The Center receives various grants from state, local and private agencies for program and supporting services. These grants are generally on a cost reimbursement basis. Revenues from grants are recognized in the statement of activities when expenses are made for the purpose specified.

The Center records grant revenue as net assets with donor restrictions until it is expended for the purpose of the grant, at which time it is recognized as revenue. As of June 30, 2020, there were no net assets with donor restrictions.

G. Accounts Receivable

Grants, contracts, and accounts receivable are deemed to be fully collectible by management and are comprised of federal, state, and local monies. As of June 30, 2020, grants receivable totaled \$107,900. The Center had no allowance for doubtful accounts for the year ended June 30, 2020 as all amounts were considered collectible.

H. Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

I. Deferred Revenue

The Center is the recipient of grants that require expenditure for specified activities before the Center is reimbursed by the grantor for the costs incurred. Documentation showing actual costs expended is included when submitting a monthly or quarterly report for reimbursement. Certain grantors pay in advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursable costs is reported as deferred revenue.

NOTE 3—INCOME TAX:

The Center is a Corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable of state laws. Accordingly, no provision for income taxes has been presented in the accompanying financial statements.

NOTE 4—PROPERTY AND EQUIPMENT:

Property and equipment are defined by the Center as assets with an individual value of \$5,000 and a useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Family Resource Center, Inc.
Notes to the Financial Statements
As of June 30, 2020 (continued)

NOTE 4—PROPERTY AND EQUIPMENT: (Continued)

Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Building	20 to 39 years
Furniture and fixtures	5 to 10 years
Improvements	15 years

The Center had the following property and equipment on hand at June 30, 2020:

Non-depreciable assets:	
Land	<u>\$ 15,000</u>
Depreciable assets:	
Shelter facility	\$ 499,112
Furnishings and fixtures	30,376
Improvements	32,734
Accumulated depreciation	<u>(318,001)</u>
Total depreciable assets	<u>\$ 244,221</u>
Total property and equipment	<u>\$ 259,221</u>

Depreciation expense for the year ended June 30, 2020 totaled \$14,764.

NOTE 5—DONATED SERVICES AND GOODS:

Family Resource Center, Inc. recognized revenue in 2020 for donated goods it received related to its primary purpose of providing protection for children from abuse and strengthening families through education, advocacy, and community partnerships. Contribution revenue from such goods was measured based on the fair value of those goods and the amounts recognized totaled \$14,251 for the year ended June 30, 2020.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. No amounts were recognized during the year for donated services.

NOTE 6—FUNCTIONAL ALLOCATION OF EXPENSES:

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Center.

Family Resource Center, Inc.
Notes to the Financial Statements
As of June 30, 2020 (continued)

NOTE 7—GRANTS RECEIVABLE:

At June 30, 2020, the Center's grants receivable were comprised of the following:

DSS Prevention and Services	\$ 35,397
Dept. of Juvenile Services	68,753
Wythe Co Board of Supervisors	3,750
	<u>\$ 107,900</u>

NOTE 8—NOTES PAYABLE:

First Bank and Trust Loan issued August 30, 2015 in the amount of \$100,507. The loan accrues interest at 4.75%. Payments of \$819.18 are due monthly with all unpaid principal and interest due August 30, 2020. The loan is collateralized by the real property known as the Family Resource Center located at 2171 W. Lee Highway, Wytheville, VA.

<u>Balance Outstanding</u>
<u>\$ 72,918</u>

Annual requirements to amortize long-term debt and related interest are as follows:

Year	Principal	Interest
<u>June 30,</u>		
2021	<u>\$ 72,918</u>	<u>\$ 575</u>

During the year, the Center issued a Paycheck Protection Program (PPP) Loan as a result of the ongoing COVID-19 pandemic in the amount of \$173,000. The Center has applied for and was granted forgiveness of this loan in full in November 2020. The PPP program was intended to be used for allowable costs for a time period of 24 weeks after issuance of the loan. As a result of forgiveness, \$37,746 of this amount was recognized as grant revenue during the fiscal year. The remaining \$135,255 is recognized as a refundable advance as the associated costs were not incurred prior to year-end. A total of \$98,699 was used for allowable expenses after year-end leaving a remainder of \$36,556 that was not used during the 24-week period.

NOTE 9—REVOLVING LINE OF CREDIT:

The Center has a \$150,000 revolving line of credit, of which no amount was outstanding at June 30, 2020. The line of credit carries an interest rate of Prime and matures on August 8, 2020. The line of credit is collateralized by the real property known as the Family Resource Center located at 2171 W. Lee Highway, Wytheville, Virginia. During the fiscal year ended, the Center issued \$178,000 and retired \$245,158 under the line of credit.

Family Resource Center, Inc.
Notes to the Financial Statements
As of June 30, 2020 (continued)

NOTE 10—SHORT-TERM LOANS PAYABLE:

The Center issued 17 short-term loans payable throughout the year from members of the community with an issuance total of \$103,526. All loans were zero percent interest and were repaid during the fiscal year.

NOTE 11—OPERATING LEASE:

The Center leases a copy machine from Blue Ridge Copier (Great America Leasing Corporation) and is classified as an operating lease. Monthly payments of \$192 are due under the lease agreement.

The approximate remaining annual lease payments under the operating lease existing as of June 30, 2020 are:

Year	Amount
2021	<u>\$ 1,152</u>

The Center leases the Galax office, the Marion Satellite office building, and three safe houses on a year-to-year basis.

NOTE 12—RETIREMENT PLAN:

The Center previously sponsored a defined contribution 403(b) plan (the Plan) covering all full-time salaried employees after the first year of employment. Currently, only one employee participates in the Plan. All other employees receive an after-tax retirement benefit in cash after the first year of employment to invest personally. Each month the Center contributes 8% of the employees' compensation to the Plan or pays the employee directly. Total expense for the year ended June 30, 2020 was \$40,951.

NOTE 13—LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Center monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while attempting to maximize the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

	2020
Cash and cash equivalents	\$ 9,554
Grants receivable	107,900
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 117,454</u>

The Center does not have a formal policy related to investing excess cash and maintaining balances.

Family Resource Center, Inc.
Notes to the Financial Statements
As of June 30, 2020 (continued)

NOTE 14—CONCENTRATIONS:

The Center relies on state and federal grants to cover operating expenses. For the year ended June 30, 2020, state and federal grants comprised approximately 94% of revenue reported by the Center. Any significant reduction in funding from grantors could adversely affect the Center's ability to continue operations.

NOTE 15—ADOPTION OF ACCOUNTING PRINCIPLES:

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this ASU to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Center adopted ASU 2018-08 effective July 1, 2019. There was no impact on net assets or changes in net assets.

NOTE 16—SUBSEQUENT EVENTS:

In preparing these financial statements, management of Family Resource Center, Inc. has evaluated events and transactions for potential recognition or disclosure through January 21, 2021, the date the financial statements were available to be issued.

On August 10, 2020, the line of credit from First Bank and Trust was extended to mature on August 8, 2021 with interest accruing at 3.25%. On August 30, 2020, the First Bank and Trust loan was extended to have a maturity of August 30, 2025 with interest accruing at 4.25%.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the release date of this report. As such, the full magnitude that the pandemic will have on the Center's financial condition, liquidity, and future results of operations is uncertain. Management is monitoring the global situation and impact that it may have on its financial condition, liquidity, operations, suppliers, industry, and workforce.