

PURE HOPE COALITION
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2016 and 2015

SCROGGINS GREAR
Certified Public Accountants

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CONSULTANTS AND CPAs

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pure Hope Coalition
Cincinnati, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Pure Hope Coalition (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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.

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 of 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 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 Pure Hope Coalition as of June 30, 2016 and 2015, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The functional expense analysis on page 17 is presented for purposes of additional analysis and is 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.



September 16, 2016
Cincinnati, Ohio

PURE HOPE COALITION
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

ASSETS	2016				2015*			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
CURRENT ASSETS								
Cash & cash equivalents	\$ 144,005	\$ -	\$ -	\$ 144,005	\$ 154,536	\$ 13,898	\$ -	\$ 168,434
Inventory	-	-	-	-	13,441	-	-	13,441
Pledges receivable	-	17,635	-	17,635	-	-	-	-
Prepaid expenses & deposits	6,259	-	-	6,259	5,210	-	-	5,210
<i>Total current assets</i>	<u>150,264</u>	<u>17,635</u>	<u>-</u>	<u>167,899</u>	<u>173,187</u>	<u>13,898</u>	<u>-</u>	<u>187,085</u>
FIXED ASSETS - AT COST								
Furniture & fixtures	29,796	-	-	29,796	29,796	-	-	29,796
Equipment	67,435	-	-	67,435	67,435	-	-	67,435
	97,231	-	-	97,231	97,231	-	-	97,231
Less: Accumulated depreciation	(97,231)	-	-	(97,231)	(97,231)	-	-	(97,231)
<i>Total fixed assets, net</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER ASSETS								
Quest Series	35,256	-	-	35,256	29,740	-	-	29,740
Less: Accumulated amortization	(3,526)	-	-	(3,526)	-	-	-	-
<i>Total other assets, net</i>	<u>31,730</u>	<u>-</u>	<u>-</u>	<u>31,730</u>	<u>29,740</u>	<u>-</u>	<u>-</u>	<u>29,740</u>
TOTAL ASSETS	<u>\$ 181,994</u>	<u>\$ 17,635</u>	<u>\$ -</u>	<u>\$ 199,629</u>	<u>\$ 202,927</u>	<u>\$ 13,898</u>	<u>\$ -</u>	<u>\$ 216,825</u>

* Reclassified to conform to current year presentation

LIABILITIES & NET ASSETS	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
CURRENT LIABILITIES								
Accounts payable	\$ 12,676	\$ -	\$ -	\$ 12,676	\$ 54	\$ -	\$ -	\$ 54
<i>Total current liabilities</i>	<u>12,676</u>	<u>-</u>	<u>-</u>	<u>12,676</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>54</u>
COMMITMENTS	-	-	-	-	-	-	-	-
NET ASSETS	<u>169,318</u>	<u>17,635</u>	<u>-</u>	<u>186,953</u>	<u>202,873</u>	<u>13,898</u>	<u>-</u>	<u>216,771</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 181,994</u>	<u>\$ 17,635</u>	<u>\$ -</u>	<u>\$ 199,629</u>	<u>\$ 202,927</u>	<u>\$ 13,898</u>	<u>\$ -</u>	<u>\$ 216,825</u>

The accompanying notes are an integral part of the financial statements.

**PURE HOPE COALITION
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2016 and 2015**

	2016				2015*			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
SUPPORT & REVENUE								
Support								
Contributions & grants	\$ 568,665	\$ 17,635	\$ -	\$ 586,300	\$ 689,977	\$ 33,638	\$ -	\$ 723,615
Special events (net of direct expenses)	78,645	-	-	78,645	46,976	-	-	46,976
Revenue								
Educational materials	2,381	-	-	2,381	1,588	-	-	1,588
Conference & meeting income	6,900	-	-	6,900	35,200	-	-	35,200
Gain (loss) on sale of donated securities	(175)	-	-	(175)	9	-	-	9
Interest income	370	-	-	370	268	-	-	268
Miscellaneous income	21,339	-	-	21,339	22,091	-	-	22,091
<i>Total support & revenue</i>	<u>678,125</u>	<u>17,635</u>	<u>-</u>	<u>695,760</u>	<u>796,109</u>	<u>33,638</u>	<u>-</u>	<u>829,747</u>
NET ASSETS RELEASED FROM RESTRICTIONS	13,898	(13,898)	-	-	29,740	(29,740)	-	-
EXPENSES								
Program services	478,189	-	-	478,189	474,391	-	-	474,391
Management & general	131,758	-	-	131,758	134,292	-	-	134,292
Fundraising	115,631	-	-	115,631	110,773	-	-	110,773
<i>Total expenses</i>	<u>725,578</u>	<u>-</u>	<u>-</u>	<u>725,578</u>	<u>719,456</u>	<u>-</u>	<u>-</u>	<u>719,456</u>
CHANGE IN NET ASSETS	(33,555)	3,737	-	(29,818)	106,393	3,898	-	110,291
NET ASSETS AT BEGINNING OF YEAR	<u>202,873</u>	<u>13,898</u>	<u>-</u>	<u>216,771</u>	<u>96,480</u>	<u>10,000</u>	<u>-</u>	<u>106,480</u>
NET ASSETS AT END OF YEAR	<u>\$ 169,318</u>	<u>\$ 17,635</u>	<u>\$ -</u>	<u>\$ 186,953</u>	<u>\$ 202,873</u>	<u>\$ 13,898</u>	<u>\$ -</u>	<u>\$ 216,771</u>

* Reclassified to conform to current year presentation

The accompanying notes are an integral part of the financial statements.

PURE HOPE COALITION
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2016 and 2015

	2016				2015			
	Program	Management & General	Fundraising	Totals	Program	Management & General	Fundraising	Totals
Expenses								
Compensation and benefits	\$ 348,311	\$ 96,455	\$ 91,096	\$ 535,862	\$ 353,194	\$ 101,677	\$ 80,271	\$ 535,142
Office expenses	56,256	13,099	9,928	79,283	71,774	16,677	12,634	101,085
Resource and materials	24,392	-	2,710	27,102	12,040	-	1,338	13,378
Travel	18,451	2,307	2,307	23,065	14,845	1,856	1,856	18,557
Conferences and events	3,848	-	-	3,848	-	-	-	-
Internship	7,308	-	-	7,308	6,108	-	-	6,108
Outside services	10,766	19,897	8,257	38,920	9,448	14,082	2,452	25,982
Newsletter and direct mail	5,331	-	1,333	6,664	6,982	-	12,222	19,204
Amortization expense	3,526	-	-	3,526	-	-	-	-
TOTAL EXPENSES	\$ 478,189	\$ 131,758	\$ 115,631	\$ 725,578	\$ 474,391	\$ 134,292	\$ 110,773	\$ 719,456

The accompanying notes are an integral part of the financial statements.

PURE HOPE COALITION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015*
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (29,818)	\$ 110,291
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donation of marketable securities	(31,591)	(27,758)
(Gain) loss on sale of donated securities	175	(9)
Depreciation	-	3,227
Amortization	3,526	-
Changes in assets - (increase) decrease:		
Pledges receivable	(17,635)	-
Inventory	13,441	(3,595)
Prepaid expenses & deposits	(1,049)	(1,756)
Changes in liabilities - increase (decrease):		
Accounts payable	12,622	(5,753)
<i>Net cash provided by (used in) operating activities</i>	(50,329)	74,647
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of donated securities	31,416	27,767
Production of Quest Series	(5,516)	(29,740)
<i>Net cash provided by (used in) investing activities</i>	25,900	(1,973)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(24,429)	72,674
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	168,434	95,760
CASH & CASH EQUIVALENTS AT END OF YEAR	\$ 144,005	\$ 168,434
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash transactions:		
Donated materials and services	\$ -	\$ -

* Reclassified to conform to current year presentation

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE A - ORGANIZATIONAL PURPOSE

Pure Hope Coalition is a Christian ministry organized as an Ohio not-for-profit 501(c)(3) corporation whose mission is to provide Christian solutions in a sexualized culture.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Use of Estimates

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

2. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Pure Hope Coalition prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

3. Donated Investments

During the years ended June 30, 2016 and 2015, Pure Hope Coalition received \$31,591 and \$27,758, respectively, of marketable securities from various donors. Pure Hope Coalition's policy is to immediately convert the marketable securities to cash. Donated investments are initially recorded at market value on the date of the donation. There were no unsold donated investments at June 30, 2016 and 2015.

4. Inventory

Inventory is stated at the lower of cost or market. Cost is determined by the first-in, first-out method. For the year ended June 30, 2015, inventory consists of books, brochures, and audio CDs.

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Depreciation & Amortization

Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Pure Hope Coalition follows the practice of capitalizing all expenditures over \$2,500 for property, plant and equipment. There was no depreciation expense for the years ended June 30, 2016 and 2015.

During the years ended June 30, 2016 and 2015, Pure Hope Coalition incurred production costs of \$5,516 and \$29,740, respectively, for the Quest Series, a parenting video series developed and produced by Pure Hope Coalition. These costs were capitalized and, beginning in 2016, are being amortized over 5 years using the straight-line method. Amortization expense was \$3,526 for the year ended June 30, 2016.

6. Unrestricted Net Assets

Unrestricted net assets are all resources over which the governing board has discretionary control, including those unrestricted net assets invested in fixed assets.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are those contributions that are restricted by the donor for specific purposes for which the restriction has not expired in the fiscal year in which the contribution is received. Temporarily restricted net assets consist of pledges receivable of \$17,635 for the year ended June 30, 2016 and donations restricted for the Quest Series (a parenting video series project) of \$13,898 for the year ended June 30, 2015.

8. Permanently Restricted Net Assets

Permanently restricted net assets are those contributions which have a donor-imposed restriction that stipulates that resources be maintained permanently but permits the organization to use up or expend the income (or other economic benefits) derived from the donated assets. There were no permanently restricted net assets at June 30, 2016 and 2015.

9. Cash & Cash Equivalents

For the purpose of the statement of cash flows, Pure Hope Coalition considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. There were cash equivalents of \$133,903 and \$155,281 held in a money market account at June 30, 2016 and 2015, respectively.

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Income Tax Status

Pure Hope Coalition is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, it is not a private foundation as defined in Section 509(a)(1) of the Internal Revenue Code.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

NOTE C - RELATED PARTIES

Pure Hope Coalition leased their Cincinnati office from a board member for two months during the fiscal year ended June 30, 2015. The board member received \$8,412 for the fiscal year ended June 30, 2015, which included the two months of rent and maintenance expenses.

NOTE D - COMMITMENTS

The Cincinnati facility was leased from a board member for two months on a month-to-month basis during the year ended June 30, 2015. The monthly rental amount was \$1,706 per month.

On July 16, 2014, Pure Hope Coalition entered into a three-year lease effective September 1, 2014 at a new office location in Cincinnati. The monthly rental amount beginning October 1, 2014 was \$1,800. Rental expense under these leases was \$21,600 and \$19,612 for the years ended June 30, 2016 and 2015, respectively.

The Plano, Texas facility is being leased through March 2020. During the year, this lease was amended as space was added at the location. The monthly rental amount is now \$755. Rental expense under this lease was \$9,058 and \$7,597 for the years ended June 30, 2016 and 2015, respectively.

Office equipment is also leased. Pure Hope Coalition is leasing a copier through August 2019. Equipment rental expense for the years ended June 30, 2016 and 2015 was \$3,642 and \$3,377, respectively.

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

NOTE D - COMMITMENTS (Continued)

The following is a schedule of the future minimum lease payments at June 30,

	Equipment	Facility	Total
2017	\$ 3,642	\$ 30,658	\$ 34,300
2018	3,642	12,658	16,300
2019	3,642	9,058	12,700
2020	911	6,793	7,704
	<u>\$ 11,837</u>	<u>\$ 59,167</u>	<u>\$ 71,004</u>

NOTE E - SIMPLIFIED EMPLOYEE PENSION PLAN

A simplified employee pension plan was adopted in 1988 covering substantially all employees. Contributions are made on the basis of each participant's calendar year compensation and are determined at the discretion of the Board of Directors. There were no contribution payments made during the year ended June 30, 2016. Contribution payments totaling \$25,000 were made during the year ended June 30, 2015.

NOTE F - NET ASSETS RELEASED FROM RESTRICTIONS

Pure Hope Coalition reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or they are to be received over a period of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a donor restriction expires within the same fiscal year the donation was made, both the related support and expenses are shown as unrestricted.

At June 30, 2016 and 2015, net assets released by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors were as follows:

	<u>2016</u>	<u>2015</u>
Purpose restrictions accomplished:		
Program services expense	\$ 13,898	\$ 29,740
Time restrictions expired:		
Passage of specified time	-	-
<i>Total restrictions released</i>	<u><u>\$ 13,898</u></u>	<u><u>\$ 29,740</u></u>

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

NOTE G - PLEDGES RECEIVABLE

Pure Hope Coalition has recorded pledges receivable for various purposes which are due within one year. Total pledges of \$17,635 are outstanding at June 30, 2016. An allowance for doubtful accounts is determined by Management based on historical losses, specific donor circumstance and general economic conditions. An allowance for doubtful accounts was deemed not necessary at June 30, 2016.

NOTE H - SATELLITE OFFICES

At June 30, 2016 and 2015, Pure Hope Coalition had offices in Cincinnati, Ohio and Plano, Texas.

NOTE I - FAIR VALUE MEASUREMENTS

Pure Hope Coalition's assets and liabilities are reported at fair value in the accompanying statement of financial position.

Financial Assets/Liabilities Measured at Fair Value on a Recurring Basis and Non-Recurring Basis

There were no financial assets/liabilities measured at fair value on a recurring basis and non-recurring basis.

Fair Value of Financial Instruments

The carrying amounts of Pure Hope Coalition's financial instruments, including cash and cash equivalents, prepaid expenses & deposits and accounts payable, approximate fair value due to the short maturities of these financial instruments.

NOTE J - SPECIAL EVENTS

Direct costs of special events of \$36,266 and \$38,832 were recorded as program, management and general and fundraising expenses for the year ended June 30, 2016 and 2015, respectively.

Details of the special events are as follows for the year ended June 30, 2016:

	<u>Income</u>	<u>Expenses</u>	<u>Net</u>
Fellowship dinners	\$ 114,911	\$ 36,266	\$ 78,645

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

NOTE J - SPECIAL EVENTS (Continued)

Details of the special events are as follows for the year ended June 30, 2015:

	<u>Income</u>	<u>Expenses</u>	<u>Net</u>
Fellowship dinners	\$ 85,808	\$ 38,832	\$ 46,976

NOTE K - DATE OF MANAGEMENT'S REVIEW AND SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 16, 2016, which is the date on which the financial statements were available to be issued.

No subsequent events were identified that would require an adjustment to or disclosure in the accompanying financial statement.



SUPPLEMENTARY INFORMATION

PURE HOPE COALITION
FUNCTIONAL EXPENSE ANALYSIS
For the Year Ended June 30, 2016
(The Percentage Base Is Total Functional Expenses)
(See Independent Auditors' Report)

