

PURE HOPE COALITION
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Years Ended June 30, 2020 and 2019

SCROGGINS GREAR
Certified Public Accountants

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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, 2020 and 2019, 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, 2020 and 2019, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The functional expense analysis on page 21 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.

Cincinnati, Ohio
October 16, 2020

PURE HOPE COALITION
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

ASSETS	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
CURRENT ASSETS						
Cash & cash equivalents	\$ 189,923	\$ -	\$ 189,923	\$ 134,047	\$ -	\$ 134,047
Inventory	7,884	-	7,884	9,508	-	9,508
Contributions receivable, net	-	45,757	45,757	-	146,530	146,530
Prepaid expenses & deposits	5,836	-	5,836	5,350	-	5,350
Total current assets	203,643	45,757	249,400	148,905	146,530	295,435
FIXED ASSETS - AT COST						
Furniture & fixtures	6,021	-	6,021	6,021	-	6,021
Equipment	15,010	-	15,010	9,512	-	9,512
	21,031	-	21,031	15,533	-	15,533
Less: Accumulated depreciation	(15,159)	-	(15,159)	(14,717)	-	(14,717)
Total fixed assets, net	5,872	-	5,872	816	-	816
OTHER ASSETS						
Contributions receivable, net	-	-	-	-	45,757	45,757
Quest Series	35,256	-	35,256	35,256	-	35,256
Less: Accumulated amortization	(31,730)	-	(31,730)	(24,679)	-	(24,679)
Total other assets, net	3,526	-	3,526	10,577	45,757	56,334
TOTAL ASSETS	\$ 213,041	\$ 45,757	\$ 258,798	\$ 160,298	\$ 192,287	\$ 352,585

LIABILITIES & NET ASSETS	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
CURRENT LIABILITIES						
Current maturities of long-term debt	\$ 32,324	\$ -	\$ 32,324	\$ -	\$ -	\$ -
Accounts payable	<u>13,589</u>	<u>-</u>	<u>13,589</u>	<u>16,064</u>	<u>-</u>	<u>16,064</u>
<i>Total current liabilities</i>	45,913	-	45,913	16,064	-	16,064
LONG-TERM DEBT						
SBA Payroll Protection Program Note	83,500	-	83,500	-	-	-
Current maturities of long-term debt	<u>(32,324)</u>	<u>-</u>	<u>(32,324)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total long-term debt, net</i>	51,176	-	51,176	-	-	-
COMMITMENTS	-	-	-	-	-	-
NET ASSETS	<u>115,952</u>	<u>45,757</u>	<u>161,709</u>	<u>144,234</u>	<u>192,287</u>	<u>336,521</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 213,041</u></u>	<u><u>\$ 45,757</u></u>	<u><u>\$ 258,798</u></u>	<u><u>\$ 160,298</u></u>	<u><u>\$ 192,287</u></u>	<u><u>\$ 352,585</u></u>

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

PURE HOPE COALITION
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT & REVENUE						
Support						
Contributions & grants	\$ 611,162	\$ -	\$ 611,162	\$ 571,948	\$ 25,000	\$ 596,948
Special events (net of direct expenses)	(4,299)	-	(4,299)	(3,818)	-	(3,818)
Revenue						
Educational materials	1,561	-	1,561	2,355	-	2,355
Conference & meeting income	5,600	-	5,600	15,534	-	15,534
Gain (loss) on sale of donated securities	-	-	-	(265)	-	(265)
Interest income	459	-	459	252	-	252
Miscellaneous income	23,689	-	23,689	17,374	-	17,374
<i>Total support & revenue</i>	<u>638,172</u>	<u>-</u>	<u>638,172</u>	<u>603,380</u>	<u>25,000</u>	<u>628,380</u>
NET ASSETS RELEASED FROM RESTRICTIONS	146,530	(146,530)	-	147,504	(147,504)	-
EXPENSES						
Program services	630,604	-	630,604	527,489	-	527,489
Management & general	103,898	-	103,898	68,701	-	68,701
Fundraising	78,482	-	78,482	88,472	-	88,472
<i>Total expenses</i>	<u>812,984</u>	<u>-</u>	<u>812,984</u>	<u>684,662</u>	<u>-</u>	<u>684,662</u>
CHANGE IN NET ASSETS	(28,282)	(146,530)	(174,812)	66,222	(122,504)	(56,282)
NET ASSETS AT BEGINNING OF YEAR	<u>144,234</u>	<u>192,287</u>	<u>336,521</u>	<u>78,012</u>	<u>314,791</u>	<u>392,803</u>
NET ASSETS AT END OF YEAR	<u>\$ 115,952</u>	<u>\$ 45,757</u>	<u>\$ 161,709</u>	<u>\$ 144,234</u>	<u>\$ 192,287</u>	<u>\$ 336,521</u>

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

PURE HOPE COALITION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2020 and 2019

	2020				2019			
	Program	Management & General	Fundraising	Totals	Program	Management & General	Fundraising	Totals
Expenses								
Compensation & benefits	\$ 432,650	\$ 73,045	\$ 56,188	\$ 561,883	\$ 322,540	\$ 54,455	\$ 41,888	\$ 418,883
Office expenses	28,642	4,836	3,720	37,198	28,386	4,792	3,687	36,865
Resources & materials	18,014	-	2,002	20,016	7,284	-	809	8,093
Travel	16,745	2,092	2,093	20,930	17,762	2,220	2,220	22,202
Fundraising events & parlor meeting expenses	2,289	-	2,290	4,579	10,522	-	10,522	21,044
Conferences & events	349	-	-	349	264	-	-	264
Internship	-	-	-	-	149	-	-	149
Outside services	91,974	20,847	9,811	122,632	107,454	3,511	35,180	146,145
Grants to other organizations	13,066	-	-	13,066	12,558	-	-	12,558
Newsletter & direct mail	13,818	-	3,453	17,271	13,038	-	3,259	16,297
Rent & related expenses	9,352	1,579	1,215	12,146	11,003	1,858	1,429	14,290
Depreciation & amortization expense	5,994	1,499	-	7,493	7,051	1,865	-	8,916
Total functional expenses	\$ 632,893	\$ 103,898	\$ 80,772	\$ 817,563	\$ 538,011	\$ 68,701	\$ 98,994	\$ 705,706
Less expenses included with revenue on the statements of activities								
Special event direct expenses	<u>(2,289)</u>	<u>-</u>	<u>(2,290)</u>	<u>(4,579)</u>	<u>(10,522)</u>	<u>-</u>	<u>(10,522)</u>	<u>(21,044)</u>
Total expenses included in the expense section on the statements of activities	\$ 630,604	\$ 103,898	\$ 78,482	\$ 812,984	\$ 527,489	\$ 68,701	\$ 88,472	\$ 684,662

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

PURE HOPE COALITION
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (174,812)	\$ (56,282)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donation of marketable securities	(16,232)	(21,646)
(Gain) loss on sale of donated securities	-	265
Depreciation	442	1,865
Amortization	7,051	7,051
Changes in assets - (increase) decrease:		
Contributions receivable, net	146,530	122,504
Inventory	1,624	(1,970)
Prepaid expenses & deposits	(486)	(2,972)
Changes in liabilities - increase (decrease):		
Accounts payable	(2,475)	6,547
<i>Net cash provided by (used in) operating activities</i>	(38,358)	55,362
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of donated securities	16,232	21,381
Fixed asset purchases	(5,498)	-
<i>Net cash provided by (used in) investing activities</i>	10,734	21,381
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from SBA Payroll Protection Program Loan	83,500	-
<i>Net cash provided by (used in) financing activities</i>	83,500	-
 NET INCREASE (DECREASE) IN UNRESTRICTED & RESTRICTED CASH & CASH EQUIVALENTS	55,876	76,743
 UNRESTRICTED & RESTRICTED CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	134,047	57,304
 UNRESTRICTED & RESTRICTED CASH & CASH EQUIVALENTS AT END OF YEAR	\$ 189,923	\$ 134,047
 Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

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

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE A - ORGANIZATIONAL PURPOSE

Pure Hope Coalition is a Christian ministry organized as an Ohio nonprofit 501(c)(3) corporation whose mission is to provide Christian solutions in a sexualized culture. Pure Hope Coalition is supported primarily through contributions and grants.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. 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, 2020 and 2019, Pure Hope Coalition received \$16,232 and \$21,646, 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, 2020 and 2019.

4. Inventory

Inventory is stated at the lower of cost or market. Cost is determined by the first-in, first-out method. For the years ended June 30, 2020 and 2019, inventory consists of books, audio CDs and DVDs.

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

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. Depreciation expense for the years ended June 30, 2020 and 2019 was \$442 and \$1,865, respectively.

Pure Hope Coalition incurred production costs for the Quest Series, a parenting video series developed and produced by Pure Hope Coalition. The total costs of \$35,256 were capitalized and are being amortized over 5 years using the straight-line method. Amortization expense was \$7,051 for the years ended June 30, 2020 and 2019.

6. Net Assets

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

Net Assets Without Donor Restrictions - Undesignated net assets available for use in general operations and not subject to donor or grantor restrictions.

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

However, Pure Hope Coalition reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the same reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Net Assets (Continued)

Net assets with donor restrictions have purpose restrictions as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Contributions receivable, net	<u>\$ 45,757</u>	<u>\$ 192,287</u>

7. Cash & Cash Equivalents

For the purpose of the statement of cash flows, Pure Hope Coalition considers all highly liquid investments, available for current use, with an initial maturity of three months or less to be cash equivalents. There were cash equivalents of \$160,827 and \$115,987 held in a money market account at June 30, 2020 and 2019, respectively.

8. Income Tax Status

Pure Hope Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and is not a private foundation as defined by Section 509(a) of the Internal Revenue Code. The Organization is also exempt from state income taxes under Section 1702 of the revenue and taxation code of the State of Ohio. The Organization has applied provisions of the FASB's ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Under ASC 740-10, nonpublic enterprises, including nonprofit organizations, are required to record a tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state, and local income tax. As of June 30, 2020, the Organization had no substantial uncertain income tax provision. The Organization's federal tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date they are filed.

9. Contributions Receivable

Pure Hope Coalition records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques, incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions and grants revenue in the statements of activities. The Organization determines the allowance for uncollectible promises to give based on historical

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Contributions Receivable (Continued)

experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At June 30, 2020 and 2019, there is no allowance deemed necessary for contributions receivable.

10. Revenue Recognition

Support and revenue are recognized when earned. The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either support without donor restrictions or support with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

11. Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated on a reasonable, consistent basis among the programs and supporting services benefited. Direct allocation of expenses is used where possible.

12. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers," which establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP, including those that previously followed industry-specific guidance. For non-public entities, the new standard was originally effective for annual periods beginning after December 15, 2017. In August 2015, the FASB issued ASU 2015-4, "Revenue from Contracts with Customers (Topic 606) - Deferral of Effective Date," which deferred the effective date for one year. On June 3, 2020, the FASB issued ASU 2020-5 to provide an additional one-year deferral due to the COVID-19 pandemic. Accordingly, this ASU will be effective for the Organization for the fiscal year ending June 30, 2021.

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Recent Accounting Pronouncements (Continued)

In February 2016, the FASB issued ASU No. 2016-02, “*Leases (Topic 842)*.” The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for the Organization for the fiscal year ending June 30, 2023. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

13. Recent Accounting Pronouncements Adopted

In August 2016, the FASB issued ASU 2016-15, “*Statement of Cash Flows (Topic 320) - Classification of Certain Cash Receipts and Cash Payments*,” which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. In November 2016, the FASB issued ASU 2016-18, “*Statement of Cash Flows (Topic 230) - Restricted Cash*,” which requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amount generally described as restricted cash or restricted cash equivalents. Both of these ASUs were adopted for the Organization during the fiscal year ended June 30, 2020, with no material effect to the financial statements.

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*,” which assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determines whether a contribution is conditional. This ASU was adopted for the Organization during the fiscal year ended June 30, 2020, with no material effect to the financial statements.

14. COVID-19 Impact

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization and its financial results will depend on future developments, including the duration and spread of the outbreak within the market in which the Organization operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE C - COMMITMENTS

On August 24, 2017, Pure Hope Coalition entered into a facility lease agreement for the Cincinnati, Ohio location. The facility lease was a one-year lease that expired on August 24, 2018 and required lease payments of \$930 per month. The lease renews automatically each year on a month-to-month basis unless discontinued 90 days prior to renewal date. Rental expense under this new lease was \$11,160 for the years ended June 30, 2020 and 2019.

The Plano, Texas facility lease was entered into beginning May 1, 2017, in which Pure Hope Coalition began subleasing a smaller amount of space at the Plano, Texas facility. The lease expired on August 31, 2019 and was not renewed. Total rental expense for the Plano, Texas facility was \$458 and \$6,132 for the years ended June 30, 2020 and 2019, respectively.

Office equipment is also leased. Pure Hope Coalition leased a copier through August 2019 and is leasing a mail machine through November 2021. A new copier lease agreement was signed on August 23, 2019. The new lease calls for monthly payments of \$86 through August 22, 2024. Equipment rental expense for the years ended June 30, 2020 and 2019 was \$2,350 and \$4,614, respectively.

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

	Equipment
2021	\$ 2,004
2022	1,518
2023	1,032
2024	1,032
2025	<u>172</u>
	<u>\$ 5,758</u>

NOTE D - 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 years ended June 30, 2020 and 2019.

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE E - 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 if 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, 2020 and 2019, net assets released by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors were as follows:

	<u>2020</u>	<u>2019</u>
Time restrictions expired:		
Passage of specified time	\$ 146,530	\$ 147,504
<i>Total restrictions released</i>	<u>\$ 146,530</u>	<u>\$ 147,504</u>

NOTE F - CONTRIBUTIONS RECEIVABLE

During the fiscal years ended June 30, 2020 and 2019, Pure Hope Coalition had contributions receivable from its annual fundraiser and from charitable foundation trusts. These are considered unconditional contributions receivable and have no restrictions as to use of funds.

Contributions receivable consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 50,000	\$ 154,600
Due in one to five years	<u>-</u>	<u>50,000</u>
	50,000	204,600
Less: Unamortized discount	<u>(4,243)</u>	<u>(12,313)</u>
Net unconditional contributions receivable	<u>\$ 45,757</u>	<u>\$ 192,287</u>

Unconditional contributions receivable due in more than one year are recognized at fair value, using present value techniques and a discount rate of 3%.

No provision was made for uncollectible amounts. Uncollectible amounts for unconditional contributions receivable are expected to be insignificant.

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE F - CONTRIBUTIONS RECEIVABLE (Continued)

On October 24, 2015, Pure Hope Coalition was named as one of the recipients of a foundation trust. In the trust, Pure Hope Coalition is to receive \$100,000 per year for 20 years. However, after the fifth annual payment, the Trustee shall possess the power each year to increase or decrease the payment based upon the recommendation of the Advisory Committee. Since the Advisory Committee has the power to change the amount of the donation after the fifth year, only the first five years will be recorded as contributions receivable. The remaining fifteen years will be considered conditional contributions due to the unforeseen events that may occur during these years that allow the Advisory Committee to change the amount. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. As of June 30, 2020, Pure Hope Coalition has received a total of \$450,000 from the trust.

On December 21, 2017, Pure Hope Coalition received a \$121,800 pledge from a charitable foundation payable over three years. The pledge was made to support the Coalition's "Quest for a Free World Program." As of June 30, 2020, Pure Hope Coalition has received the total pledge amount of \$121,800 from the foundation.

NOTE G - LONG-TERM DEBT

Paycheck Protection Program SBA Loan

On May 1, 2020, the Organization was granted a loan (the "Loan") from PNC Bank, N.A. (the "Bank") in the aggregate amount of \$83,500, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated May 1, 2020 issued by the Borrower, matures on May 1, 2022, and bears interest at a rate of 1% per annum, payable monthly commencing on December 15, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, benefits, mortgage payments, lease payments and utilities, and at least 60% of the proceeds must be used for payroll expenses.

The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization intends to apply for loan forgiveness.

If repayment is required, the current maturities are as follows for the year ended June 30, 2020:

2021	\$	32,324
2022		<u>51,176</u>
Total	\$	<u>83,500</u>

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE H - CONCENTRATION OF DONORS

At June 30, 2020, one donor made up 100% of the gross contributions receivable balance, and at June 30, 2019, three donors made up 100% of the gross contributions receivable balance. Pure Hope Coalition believes that its contribution receivables credit risk exposure is limited, and the outstanding balance will be collected in full.

At June 30, 2020, nine donors contributed 46.4% of total contribution revenue received for the fiscal year. At June 30, 2019, eight donors contributed 43.6% of the total contribution revenue received for the fiscal year.

NOTE I - SPECIAL EVENTS

Special fundraising events were held during the fiscal years ended June 30, 2020 and 2019. Direct costs of the special events were \$4,579 and \$21,044 for the years ended June 30, 2020 and 2019, respectively, and were recorded as program and fundraising expenses.

Details of the special event are as follows for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Parlor & other fundraising event income	\$ 280	\$ 17,226
Direct costs	<u>(4,579)</u>	<u>(21,044)</u>
<i>Special event income, net</i>	<u>\$ (4,299)</u>	<u>\$ (3,818)</u>

NOTE J - LIQUIDITY & AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash & cash equivalents	<u>\$ 189,923</u>	<u>\$ 134,047</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

PURE HOPE COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020 and 2019

NOTE K - DESCRIPTION OF PROGRAM & SUPPORTING SERVICES

The following program and supporting services are included in the accompanying statements of activities:

Program Service

Parenting Space Program

This program focuses on equipping parents and other influencers to thrive in a sexualized culture.

Supporting Services

General & Administrative

This supporting service category includes the functions necessary to secure proper administrative functioning of Pure Hope Coalition, as well as maintaining an adequate working environment and managing financial responsibilities of the Organization.

Fundraising & Development

This supporting service category includes expenditures which provide the structure necessary to encourage and secure financial support for Pure Hope Coalition's operations.

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

Subsequent events have been evaluated through October 16, 2020, 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 statements.



SUPPLEMENTARY INFORMATION

PURE HOPE COALITION
FUNCTIONAL EXPENSE ANALYSIS
For the Year Ended June 30, 2020
(The Percentage Base Is Total Functional Expenses)
(See Independent Auditors' Report)

