



**HOPE FOR THE DAY**

**Financial Statements**

**December 31, 2018**

# HOPE FOR THE DAY

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
HOPE FOR THE DAY

### **Report on the Financial Statements**

We have audited the accompanying financial statements of HOPE FOR THE DAY (the "Organization"), which comprise of the statement of financial position as of December 31, 2018, and the related statement of activities, cash flows, and functional expenses 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.

### **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 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 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.

**Basis for Modified Opinion**

In 2018, the Organization created a wholly owned subsidiary (Sip of Hope LLC), made an investment into Sip of Hope LLC of \$125,000, and has made the decision not to consolidate the results of operations into the Organization's financial statements. Accounting principles generally accepted in the United States of America require wholly owned subsidiaries to be consolidated into the Parent's financial statements. If the Organization consolidated the results of operations from Sip of Hope LLC an additional income (loss) of \$(69,808) would have been reported as of December 31, 2018. Accordingly, assets would have been increased by \$100,897, liabilities and net assets would have been increased (reduced) by \$45,545 and \$55,352, as of and for the year ended December 31, 2018.

**Modified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Modified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of HOPE FOR THE DAY as of December 31, 2018, and the results of its operations, cash flows and its functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Barnes, Givens & Barnes, Ltd.*

Mount Prospect, Illinois  
September 24, 2019

**HOPE FOR THE DAY**  
Statement of Financial Position  
December 31, 2018

**ASSETS**

Assets	
Cash and cash equivalents	\$ 343,228
Investment in Sip of Hope	125,000
Pledges receivable	54,675
Related party receivable	2,923
	2,923
Total Assets	\$ 525,826

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable	\$ 21,069
Payroll liabilities	2,532
Deferred rent	2,131
	2,131
Total Liabilities	25,732
Net Assets	
Net assets without donor restrictions -	
Undesignated	482,494
Board designated	-
	-
Total net assets without donor restrictions	482,494
Net assets with donor restrictions	17,600
	17,600
Total Net Assets	500,094
Total Liabilities and Net Assets	\$ 525,826

See Accompanying Notes to Financial Statements and  
Independent Auditors' Report

**HOPE FOR THE DAY**  
Statement of Activities  
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Public support-			
Contributions	\$ 333,206	\$ 30,000	\$ 363,206
Contributions - in-kind	39,124	-	39,124
Tour revenue	145,269	-	145,269
Merchandise	76,007	-	76,007
Special events	79,028	-	79,028
Special event expense	(26,327)	-	(26,327)
Total public support	<u>646,307</u>	<u>30,000</u>	<u>676,307</u>
Other income	-	-	-
Net assets released from restrictions	<u>27,886</u>	<u>(27,886)</u>	<u>-</u>
Total Support and Revenues	<u>674,193</u>	<u>2,114</u>	<u>676,307</u>
Expenses			
Program	285,790	-	285,790
Management and general	106,820	-	106,820
Fundraising	43,941	-	43,941
Total Expenses	<u>436,551</u>	<u>-</u>	<u>436,551</u>
Change in Net Assets	237,642	2,114	239,756
Net Assets - Beginning of Year	<u>244,852</u>	<u>15,486</u>	<u>260,338</u>
Net Assets - End of Year	<u>\$ 482,494</u>	<u>\$ 17,600</u>	<u>\$ 500,094</u>

See Accompanying Notes to Financial Statements and  
Independent Auditors' Report

**HOPE FOR THE DAY**  
Statement of Cash Flows  
For the Year Ended December 31, 2018

Cash Flows From Operating Activities	
Change in net assets	\$ 239,756
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-	
(Increase) decrease in assets-	
Pledges receivable	(40,418)
Related party receivable	(2,923)
Increase (decrease) in liabilities-	
Accounts payable	8,525
Payroll liabilities	2,532
Deferred rent	2,131
	209,603
Cash Flows from Investing Activities	
Purchase of investments	(125,000)
Proceeds from sale of investments	-
	(125,000)
Net Increase (Decrease) in Cash and Cash Equivalents	84,603
Cash and Cash Equivalents- Beginning of Year	258,625
Cash and Cash Equivalents - End of Year	\$ 343,228

\* \* \* \* \*

Supplemental Disclosure of Cash Flow Information -

Cash paid during the year for:

Income taxes	\$ -
Interest	\$ -

See Accompanying Notes to Financial Statements and  
Independent Auditors' Report

**HOPE FOR THE DAY**  
Statement of Functional Expenses  
For the Year Ended December 31, 2018

	Program	Management and General	Fundraising	Total
Advertising and promotion	\$ 15,546	\$ -	\$ -	\$ 15,546
Grant expense	-	29	-	29
Insurance expense	-	1,763	-	1,763
Accounting expense	-	4,765	-	4,765
Legal expense	13,548	24,699	-	38,247
Merchandise	85,137	-	-	85,137
Management expenses	469	11,350	-	11,819
Information technology	15,444	119	-	15,563
Meals and travel expenses	7,689	-	-	7,689
Conference and meeting expenses	3,214	420	-	3,634
Office expense	86	3,158	-	3,244
Payroll taxes	2,840	1,234	822	4,896
Occupancy expense	-	26,943	-	26,943
Salaries and wages	91,931	31,994	24,408	148,333
Outreach expense	18,157	-	43	18,200
Warped tour	31,729	-	-	31,729
Partnership events	-	-	18,668	18,668
Other	-	346	-	346
<b>Total Expenses</b>	<b>\$ 285,790</b>	<b>\$ 106,820</b>	<b>\$ 43,941</b>	<b>\$ 436,551</b>

See Accompanying Notes to Financial Statements and  
Independent Auditors' Report



**HOPE FOR THE DAY**  
Notes to the Financial Statements  
December 31, 2018

**Note A – Organization and Nature of Activities**

HOPE FOR THE DAY (the “Organization”), an Illinois non-profit organization, achieves proactive suicide prevention by providing outreach and mental health education through self-expression platforms.

Suicide is a preventable mental health crisis. The biggest obstacle to effective prevention is the silence caused by stigma. The Organization seeks to reduce suicide rates by raising the visibility of resources for support and providing mental health education. Its programs equip and empower a grassroots movement of peer-to-peer prevention and help to evolve social norms and institutional policies.

On January 2, 2018, the Organization transferred \$125,000 to Sip of Hope LLC to commence operations. Sip of Hope LLC is a wholly owned subsidiary of the Organization which operates a coffee shop in Chicago to raise awareness and advance the Organization in accordance to its mission.

On June 5, 2018, the Organization was named as Trustee and Beneficiary for the Amy Wang HFTD Endowment Trust (the “Trust”). The Trust holds one primary asset, Hope House, which is a property located in Hilbert, WI used as rental property attributable to the Trust. For the year ending December 31, 2018, the Trust generated \$2,662 in income and \$5,585 in expenses, resulting in a net loss of \$2,923. The Organization funded operations of Hope House in 2018, resulting in a receivable from the Trust in the amount of \$2,923 at December 31, 2018. Hope House, and the Amy Wang HFTD Endowment Trust, will operate autonomously, but for the benefit of the Organization, in all future years.

**Note B – Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and activities and the related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

**HOPE FOR THE DAY**  
Notes to the Financial Statements  
December 31, 2018

**Note B – Summary of Significant Accounting Policies (continued)**

Cash and Cash Equivalents

Cash equivalents are considered to be highly liquid depository accounts with a maturity of less than one year. Deposits held in all non-interest bearing transactional bank accounts and interest-bearing accounts are aggregated by entity and are fully insured up to \$250,000.

Receivables and Allowance for Doubtful Accounts

Receivables are uncollateralized customer obligations. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance or, if unspecified, investigated to identify the appropriate invoice to which to apply the payment.

Management reviews all individual customer accounts receivable balances that exceed ninety (90) days from invoice date and based on the assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Based upon these reviews, management believed all accounts receivable to be fully collectible and, accordingly, no allowance for uncollectible accounts receivable is reflected in the accompanying financial statements.

Investments

The Organization's investment in Sip of Hope LLC is valued at cost, the value of the investment at December 31, 2018 is \$125,000.

Revenue Recognition

Contributions, including unconditional promises to give, are reported at fair value when received. All contributions are available for unrestricted use unless explicit donor stipulations specify how or when the contributions may be used. Unconditional promises to give due in subsequent years are reported at the present value of the estimated future cash flows, using risk-adjusted interest rates applicable to those years in which the promises are to be received. Contributions that are subject to donor-imposed restrictions that are met in the same year as the contributions are made are recognized and reported as unrestricted support and included in changes in unrestricted net assets.

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:

**HOPE FOR THE DAY**  
Notes to the Financial Statements  
December 31, 2018

**Note B – Summary of Significant Accounting Policies (continued)**

Net Assets (continued)

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. If the governing board were to designate from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, those funds would also fall under this category.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates 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.

Functional Allocation of Expenses

In the schedule of functional expenses, all expenses are allocated to the appropriate programs and supporting services on the basis of actual expense. Certain expenses that are joint among all programs are allocated evenly across all of the programs.

**Note C - Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization files Form 990, Return of Organization Exempt from Income Tax with the Federal government. Management has determined that the Organization has no income tax liability as of December 31, 2018. The Organization has evaluated its tax positions and determined it has no uncertain tax positions at December 31, 2018. The Organization's 2015-2018 tax years are open for examination by the IRS. Should the Organization's tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS.

**HOPE FOR THE DAY**  
Notes to the Financial Statements  
December 31, 2018

**Note D – Contributed Goods and Services**

The Organization received the following goods and services for the year ended December 31, 2018 which is included in in-kind revenue in the statement of activities.

	2018
Legal	\$ 37,345
Other	1,779
Total Contributed Goods and Services	\$ 39,124

The Organization received contributions of goods and services for programmatic use throughout the year. The vendor usually provides the value of the contributions, but when not provided, the Organization estimates a value based on comparable services received or selling prices of goods.

**Note E - Net Assets with Donor Restrictions**

The following summary sets for the activity in temporarily restricted net assets for the year ended December 31, 2018:

	Jan 1, 2018	Increase	Decrease	Dec 31, 2018
California Endowment	\$ 2,096	\$ -	\$ 2,096	\$ -
Community Memorial Fund	13,390	30,000	25,790	17,600
Total	\$ 15,486	\$ 30,000	\$ 27,886	\$ 17,600

**Note F—Leases**

The Organization currently leases office space under a five-year lease expiring on November 30, 2023. The monthly rent is \$2,250 with a one and a half percent annual increase.

**HOPE FOR THE DAY**  
Notes to the Financial Statements  
December 31, 2018

**Note F—Leases (continued)**

Future minimum lease payments including anticipated operating expense charges for the operating lease are as follows:

2019		\$ 18,034
2020		27,442
2021		27,851
2022		28,271
2023		26,268
Total		\$ 127,866

**Note G—Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts with donor-imposed purpose and time restrictions.

Financial assets, at year-end:	
Cash and cash equivalents	\$ 343,228
Accounts receivable	57,598
Less contractual or donor-imposed restrictions:	
Board designated for specific purposes	-
Donor restrictions for specific purposes	(17,600)
Financial assets available to meet cash needs for general expenditure within one year	\$ 383,226

**Note H – Donated Services**

Other than the amounts noted in Note D, there have been no amounts that have been reflected in the financial statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program and support service.

**HOPE FOR THE DAY**  
Notes to the Financial Statements  
December 31, 2018

**Note I – Subsequent Events**

On April 1, 2019, the Organization transferred \$20,000 as an additional investment in Sip of Hope LLC. The amount was approved by the Board of Directors as they expect this to be the only additional investment necessary prior to an expected return on investment.

Other than the matter noted above, the Organization has determined that no material events or transactions occurred subsequent to December 31, 2018 and through the date of the independent auditors' report, the date the financial statements were available for issuance, that would require adjustments to and/or additional disclosure to the financial statements.

