

**HOPE CHOICE, INC.
& SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019**

TABLE OF CONTENTS

| | <u>Page No.</u> |
|--|-----------------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| CONSOLIDATED FINANCIAL STATEMENTS | |
| Consolidated Statements of Financial Position | 2 |
| Consolidated Statements of Activities | 3 |
| Consolidated Statements of Functional Expenses | 4 |
| Consolidated Statements of Cash Flows | 6 |
| Consolidated Notes to Financial Statements | 8 |

VICTOR B. GLENN
Certified Public Accountant

2700 S. Western Suite 600
Amarillo, Texas 79109

Member:
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

Phone: (806) 358-8997
Fax: (806) 352-8771
E-Mail: victor@victorglenncpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hope Choice, Inc.

I have audited the accompanying consolidated financial statements of Hope Choice, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 express an opinion on these consolidated financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, I 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hope Choice, Inc. and subsidiary as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Victor B. Glenn

Amarillo, TX
December 17, 2021

HOPE CHOICE, INC. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

| | 2020 | 2019 |
|--|--------------|--------------|
| ASSETS | | |
| Cash | \$ 1,398,556 | \$ 1,297,207 |
| Investments | - | 100,100 |
| Unconditional promises to give, net | 18,007 | 24,267 |
| Prepaid expenses | 33,744 | 16,257 |
| Property and equipment, net | 1,970,285 | 1,687,987 |
| Intangible assets, net | 13,500 | 17,269 |
| Total assets | \$ 3,434,092 | \$ 3,143,087 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 32,673 | \$ 33,964 |
| Note payable | - | 77,778 |
| Total liabilities | 32,673 | 111,742 |
| NET ASSETS | | |
| Without donor restrictions | 3,283,512 | 2,966,518 |
| With donor restrictions | 117,907 | 64,827 |
| Total net assets | 3,401,419 | 3,031,345 |
| Total liabilities and net assets | \$ 3,434,092 | \$ 3,143,087 |

See accompanying notes

HOPE CHOICE, INC. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended December 31, 2020 and 2019

| | 2020 | 2019 |
|---|--------------|--------------|
| WITHOUT DONOR RESTRICTIONS | | |
| Support and revenues | | |
| Contributions and grants | \$ 1,187,117 | \$ 1,765,207 |
| Donated services and materials | 410,691 | 60,471 |
| Direct benefit to donors | (45,044) | (33,063) |
| Program/publication revenue | 16,147 | 11,075 |
| Investment income | 8,187 | 3,365 |
| Gain on forgiveness of loan | 163,318 | - |
| | 1,740,416 | 1,807,055 |
| Net assets released from restrictions | 162,790 | 615,922 |
| Total support and revenues | 1,903,206 | 2,422,977 |
| Expenses and Losses | | |
| Expenses | | |
| Program services | 1,184,957 | 1,096,811 |
| Management and general | 206,677 | 205,005 |
| Fundraising | 188,917 | 137,161 |
| Total expenses | 1,580,551 | 1,438,977 |
| Loss on disposal of assets | 5,661 | 1,503 |
| Total expenses and losses | 1,586,212 | 1,440,480 |
| Increase in net assets without donor restrictions | 316,994 | 982,497 |
| WITH DONOR RESTRICTIONS | | |
| Contributions and grants | 215,870 | 492,226 |
| Net assets released from restrictions | (162,790) | (615,922) |
| Increase (decrease) in net assets with donor restrictions | 53,080 | (123,696) |
| Increase in total net assets | 370,074 | 858,801 |
| Net assets at beginning of year | 3,031,345 | 2,172,544 |
| Net assets at end of year | \$ 3,401,419 | \$ 3,031,345 |

See accompanying notes

HOPE CHOICE, INC. & SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2020

| | Program | Management & General | Fund- Raising | Total |
|--|---------------------|-------------------------|-------------------|---------------------|
| Compensation | \$ 625,243 | \$ 114,038 | \$ 124,588 | \$ 863,869 |
| Payroll taxes | 48,113 | 8,454 | 9,236 | 65,803 |
| | <u>673,356</u> | <u>122,492</u> | <u>133,824</u> | <u>929,672</u> |
| Advertising | 27,790 | - | - | 27,790 |
| Assistance to individuals | 67,103 | - | - | 67,103 |
| Conferences and meetings | 4,065 | 195 | 5,141 | 9,401 |
| Depreciation and amortization | 57,149 | 1,068 | 1,280 | 59,497 |
| Dues | - | 16,395 | - | 16,395 |
| Honorariums | 94,191 | - | - | 94,191 |
| Insurance | 31,825 | 1,524 | 1,825 | 35,174 |
| Maintenance | 21,473 | 7,130 | 1,215 | 29,818 |
| Occupancy | 49,488 | 6,858 | 7,167 | 63,513 |
| Postage | 7,844 | 376 | 450 | 8,670 |
| Printing | 7,090 | 140 | 22,283 | 29,513 |
| Professional fees | - | 11,854 | - | 11,854 |
| Supplies | 114,346 | 6,179 | 9,009 | 129,534 |
| Telephone | 12,417 | 595 | 712 | 13,724 |
| Travel | 13,950 | - | 5,695 | 19,645 |
| Losses for uncollectible promises to give | - | 13,328 | - | 13,328 |
| Interest expense | - | 3,240 | - | 3,240 |
| Other | 2,870 | 15,303 | 316 | 18,489 |
| | <u>\$ 1,184,957</u> | <u>\$ 206,677</u> | <u>\$ 188,917</u> | <u>\$ 1,580,551</u> |

See accompanying notes

HOPE CHOICE, INC. & SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2019

| | Program | Management & General | Fund- Raising | Total |
|--|---------------------|-------------------------|-------------------|---------------------|
| Compensation | \$ 500,664 | \$ 95,323 | \$ 102,378 | \$ 698,365 |
| Payroll taxes | 39,704 | 7,118 | 7,645 | 54,467 |
| | <u>540,368</u> | <u>102,441</u> | <u>110,023</u> | <u>752,832</u> |
| Advertising | 15,730 | - | - | 15,730 |
| Assistance to individuals | 58,895 | - | - | 58,895 |
| Conferences and meetings | 18,060 | 509 | 4,427 | 22,996 |
| Depreciation and amortization | 54,848 | 1,189 | 179 | 56,216 |
| Dues | 11,211 | 2,031 | 24 | 13,266 |
| Honorariums | 157,979 | - | - | 157,979 |
| Insurance | 29,295 | 1,755 | 264 | 31,314 |
| Maintenance | 10,103 | 15,129 | 70 | 25,302 |
| Occupancy | 39,572 | 3,567 | 1,803 | 44,942 |
| Postage | 7,473 | 429 | 64 | 7,966 |
| Printing | 11,029 | 542 | 10,466 | 22,037 |
| Professional fees | - | 11,466 | - | 11,466 |
| Supplies | 99,320 | 5,430 | 9,667 | 114,417 |
| Telephone | 12,673 | 759 | 114 | 13,546 |
| Travel | 22,959 | - | - | 22,959 |
| Losses for uncollectible promises to give | - | 47,443 | - | 47,443 |
| Interest expense | - | 4,325 | - | 4,325 |
| Other | 7,296 | 7,990 | 60 | 15,346 |
| | <u>\$ 1,096,811</u> | <u>\$ 205,005</u> | <u>\$ 137,161</u> | <u>\$ 1,438,977</u> |

See accompanying notes

HOPE CHOICE, INC. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2020 and 2019

| | 2020 | 2019 |
|---|--------------|--------------|
| Cash Flows From Operating Activities | | |
| Support collected | \$ 1,409,246 | \$ 2,239,352 |
| Revenue collected | 18,287 | 14,440 |
| Payments for expenses | (1,508,126) | (1,439,988) |
| Net cash provided (used) by operating activities | (80,593) | 813,804 |
| Cash Flows From Investing Activities | | |
| Payments for property, equipment, and intangibles | (8,730) | (95,645) |
| Short-term investments-net | 106,150 | 4,814 |
| Net cash provided (used) by investing activities | 97,420 | (90,831) |
| Cash Flows From Financing Activities | | |
| Proceeds from long-term debt | 162,300 | - |
| Payments on long-term debt | (77,778) | (55,675) |
| Net cash provided (used) by financing activities | 84,522 | (55,675) |
| Net increase in cash | 101,349 | 667,298 |
| Beginning cash | 1,297,207 | 629,909 |
| Ending cash | \$ 1,398,556 | \$ 1,297,207 |

See accompanying notes

HOPE CHOICE, INC. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2020 and 2019

| | 2020 | 2019 |
|---|-------------|------------|
| Reconciliation of Changes in Net Assets to Net Cash | | |
| Provided (Used) by Operating Activities | | |
| Increase in total net assets | \$ 370,074 | \$ 858,801 |
| Adjustments to reconcile increase in total net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 59,498 | 56,216 |
| Gain on sale of investment | (6,048) | - |
| Loss on disposal of assets | 5,661 | 1,503 |
| Effect of changes in | | |
| Unconditional promises to give | 6,260 | (13,266) |
| Prepaid expenses | (17,487) | 3,835 |
| Accounts payable and accrued liabilities | (1,291) | 21,342 |
| Non-cash donations of fixed assets and securities | (334,960) | (114,627) |
| Non-cash forgiveness of Paycheck Protection Program loan | (162,300) | - |
| Net cash provided (used) by operating activities | \$ (80,593) | \$ 813,804 |
| Supplemental disclosure | | |
| Noncash investing and financing activities: | | |
| Contributed securities | \$ - | \$ 104,914 |
| Property and equipment | 334,960 | 9,713 |
| Paycheck Protection Program loan and accrued interest forgiveness | 163,318 | - |

See accompanying notes

HOPE CHOICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Hope Choice, Inc. (the Organization) was incorporated on September 11, 1987 for the purpose of assisting women with crisis pregnancies in the Amarillo, Texas area through counseling, information, emotional support, and practical assistance. In February 2019, the Organization's name was formally changed to Hope Choice, Inc. The name change reflected the Organization's emphasis on impacting families who are facing the pressures of the culture and are seeking solid answers. The Organization strives to equip, mentor, and strengthen future generations. All services are provided free of charge at three locations in Amarillo and Canyon, Texas and one location in Pinedale, Wyoming. The Organization's operations are funded through community support.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its wholly owned subsidiary, 1501 Taylor Properties, LLC. All material intercompany transactions have been eliminated.

Basis of Accounting

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

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization has qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

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 – 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.

HOPE CHOICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Revenue Recognition

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises are recorded as revenue when the conditions are substantially met. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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. The portion of sponsorship revenue that relates to the commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

Program/Publication Revenue

Revenue is recognized when there is a transfer of goods to customers in an amount that the Organization expects to be entitled in exchange for the goods. The portion of program fees that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions 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 stipulation regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

HOPE CHOICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

Donated Services

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. Volunteers also provided various services throughout the year that are not recognized as contributions in the consolidated financial statements since the criteria for recognition was not met.

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

Property and Equipment

All expenditures for or donations of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services of management and general and fundraising. Expenses related to more than one function are charged to programs and supporting services on the basis of time and expense studies. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation, salaries, payroll taxes, insurance, and office expenses.

Reclassifications

Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year consolidated financial statements.

Advertising

The Organization uses advertising to promote its program services. The costs of advertising are expensed as incurred.

HOPE CHOICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

| | <u>2020</u> | <u>2019</u> |
|--|--------------------|--------------------|
| Cash and Cash Equivalents | \$ 1,398,556 | \$ 1,297,207 |
| Contributions Receivable | 18,007 | 24,267 |
| Investments | - | 100,100 |
| Total Financial Assets Available Within One Year | <u>\$1,416,563</u> | <u>\$1,421,574</u> |

The above reflects the Organization's financial assets as of the statement of financial position date. 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.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of December 31, 2020 and 2019 are as follows:

| | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|
| Amounts due in less than one year | \$ 32,197 | \$ 71,709 |
| Less allowance for uncollectible amounts | <u>(14,190)</u> | <u>(47,442)</u> |
| | <u>\$ 18,007</u> | <u>\$ 24,267</u> |

NOTE 4 – CONCENTRATIONS

The Organization receives approximately 3% to 5% of its annual support from an annual walk-a-thon fundraiser and approximately 22% to 45% from its annual fundraising banquet.

The Organization maintains its cash in several financial institutions. At December 31, 2020, the Organization's cash exceeded federally insured limits by \$9,634.

NOTE 5 – INVESTMENTS

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used

HOPE CHOICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) then a lower priority to quoted prices in inactive markets (Level 2 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

At December 31, 2019, the Organization's investments consisted of common stock reported at fair value using a Level 2 measurement.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|---------------------|---------------------|
| Land | \$ 72,481 | \$ 72,481 |
| Buildings | 2,237,229 | 1,919,150 |
| Furniture and fixtures | 43,769 | 43,769 |
| Vehicles | 13,325 | 13,325 |
| Equipment | <u>49,770</u> | <u>167,714</u> |
| | 2,416,574 | 2,216,439 |
| Less accumulated depreciation | <u>(446,289)</u> | <u>(528,452)</u> |
| | <u>\$ 1,970,285</u> | <u>\$ 1,687,987</u> |

NOTE 7 – INTANGIBLE ASSETS

Intangible assets consisted of the following at December 31:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|------------------|------------------|
| “Chosen” curriculum | \$ 55,511 | \$ 55,511 |
| Web page development | <u>18,000</u> | <u>18,000</u> |
| | 73,511 | 73,511 |
| Less accumulated amortization | <u>(60,011)</u> | <u>(56,242)</u> |
| | <u>\$ 13,500</u> | <u>\$ 17,269</u> |

NOTE 8 – NOTE PAYABLE

The Organization had an interest-free unsecured note in the amount of \$400,000 from an individual that is payable in monthly installments of \$5,000 beginning in January 2016 through April 2021.

HOPE CHOICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

To reflect the time value of money, the liability recorded in the consolidated financial statements reflects future payments discounted at an imputed interest rate of 4.0%, which was the prevailing rate for similar transactions at the October 2015 inception of the note.

In 2020, the Organization paid off the remaining balance of the loan.

NOTE 9 – PAYCHECK PROTECTION PROGRAM LOANS

On April 7, 2020, the Organization received loan proceeds in the amount of \$162,300 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities.

The Organization initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. The Organization recognized \$162,300 of loan forgiveness income and \$1,018 of interest forgiveness income for the year ended December 31, 2020.

NOTE 10 – LEASES

The Organization leases certain buildings and equipment under operating leases with related expenses of \$15,871 and \$4,471 for 2020 and 2019, respectively. Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2020 are:

| | |
|--------------------------|------------------|
| Year Ending December 31: | |
| 2021 | \$ 14,072 |
| 2022 | 2,971 |
| 2023 | 2,277 |
| 2024 | 1,188 |
| 2025 | 1,188 |
| | <u>\$ 21,696</u> |

NOTE 11 – NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization’s governing Board of Directors has designated net assets without donor restrictions for the building repairs in the amount of \$31,848 and \$21,848 as of December 31, 2020 and 2019, respectively.

HOPE CHOICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|------------------|
| Programs | \$ 46,303 | \$ 45,718 |
| Assistance to individuals | 12,983 | 16,887 |
| Repairs | 10,000 | - |
| Time restriction: Wyoming operations | 48,621 | - |
| Donor contribution for future interest | - | 2,222 |
| | <u>\$ 117,907</u> | <u>\$ 64,827</u> |

NOTE 13 – DONATED MATERIALS

The fair value of donated materials included as contributions in the financial statements and the corresponding expense or asset categories for the years ended December 31, 2020 and 2019 are as follows:

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|-------------------|------------------|
| Supplies | \$ 52,719 | \$ 47,079 |
| Furniture and equipment | 6,336 | 2,078 |
| Building repairs and improvements | 5,400 | 7,714 |
| Building | 323,224 | - |
| Facility use | 3,600 | 3,600 |
| | <u>\$ 391,279</u> | <u>\$ 60,471</u> |

NOTE 14 – ACQUISITION OF THE FAMILY TREE, INC.

In April 2020, the Organization acquired all of the assets of The Family Tree, Inc. for no consideration. No liabilities were assumed or consideration given. The following table summarizes the assets acquired that were recognized at the acquisition date:

| | |
|-----------|-----------|
| Cash | \$ 50,316 |
| Equipment | 6,336 |

HOPE CHOICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 15 – SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to December 31, 2020 through December 17, 2021 (the date which the consolidated financial statements were available for issue) for potential impact on the accompanying consolidated financial statements and disclosures herein.

In December 2020, the Organization was deeded a building on the campus of West Texas A&M University, which is in need of major renovation before it will be suitable for program activities. To finance the estimated \$2,500,000 cost of renovation, the Organization opened a \$2,100,000 construction line of credit in 2021 secured by the Organization's building at 1501 Taylor.

NOTE 16 – COVID-19 FINANCIAL STATEMENT IMPACTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.