

**Hope Community, Inc.**

Minneapolis, Minnesota

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Consolidated Financial Statements  
Auditor's Report  
For the Years Ended  
December 31, 2023 and 2022



**CERTIFIED PUBLIC ACCOUNTANTS**

## CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1-2
EXHIBIT A: Consolidated Statements of Financial Position – December 31, 2023 and 2022.....	3
EXHIBIT B: Consolidated Statements of Activities – For the Years Ended December 31, 2023 and 2022.....	4
EXHIBIT C: Consolidated Statement of Functional Expense – For the Year Ended December 31, 2023 with Comparative Totals for 2022.....	5
EXHIBIT D: Consolidated Statement of Functional Expense – For the Year Ended December 31, 2022 .....	6
EXHIBIT E: Consolidated Statements of Cash Flows – For the Years Ended December 31, 2023 and 2022.....	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.....	8-24

## ADDITIONAL INFORMATION

SCHEDULE 1: Consolidating Statement of Financial Position– December 31, 2023.....	25
SCHEDULE 2: Consolidating Statement of Activities– For the Year Ended December 31, 2023 .....	26
SCHEDULE 3: Computation of Surplus Cash, Distribution and Residual Receipts– Dundry House, LLC – December 31, 2023.....	27
SCHEDULE 4: Computation of Surplus Cash, Distribution and Residual Receipts– Hope Block Stabilization Phase I, LLC – December 31, 2023.....	28
SCHEDULE 5: Computation of Surplus Cash, Distribution and Residual Receipts– Franklin Portland Gateway Phase I, LP – December 31, 2023 .....	29



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Hope Community, Inc.  
Minneapolis, Minnesota

### **Opinion**

We have audited the accompanying consolidated financial statements of Hope Community, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hope Community, Inc. as of December 31, 2023 and 2022, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Hope Community, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hope Community, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards

will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hope Community, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hope Community, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Statement of Financial Position as of December 31, 2023, the Consolidating Statement of Activities for the year then ended and the Computation of Surplus Cash, Distributions and Residual Receipts Dundry House, LLC, Hope Block Stabilization Phase I, LLC and Franklin Portland Gateway Phase I, LP as of December 31, 2023 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

  
Carpenter, Evert & Associates, Ltd.  
Certified Public Accountants

Minneapolis, Minnesota  
September 6, 2024

HOPE COMMUNITY, INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash	\$ 1,059,823	\$ 1,598,909
Grants and Contributions Receivable	397,924	304,238
Accounts Receivable-Net	157,502	116,896
Prepaid Expenses	43,721	51,438
Total Current Assets	<u>1,658,970</u>	<u>2,071,481</u>
Investments	643,017	635,047
Investment in Limited Partnerships	264,936	264,936
Due from Limited Partnerships	733,064	733,064
Deferred Developer Fee	4,562	4,562
Accrued Interest Receivable	378,764	350,491
Property - Net	8,254,855	8,773,213
Other Assets	<u>62,566</u>	<u>63,423</u>
 TOTAL ASSETS	 <u>\$ 12,000,734</u>	 <u>\$ 12,896,217</u>
 <u>LIABILITIES AND NET ASSETS AND EQUITY</u>		
Current Liabilities:		
Notes Payable	\$ 130,000	\$ 11,515
Accounts Payable	256,851	310,753
Accrued Salaries and Vacation	128,175	108,125
Tenants' Deposits	87,840	112,276
Total Current Liabilities	<u>602,866</u>	<u>542,669</u>
Accrued Interest Payable	1,117,643	1,009,445
Notes Payable	<u>6,285,180</u>	<u>6,280,803</u>
Total Liabilities	<u>8,005,689</u>	<u>7,832,917</u>
Net Assets and Equity:		
Without Donor Restrictions	3,417,045	3,648,490
With Donor Restrictions	578,000	1,414,810
Total Net Assets and Equity	<u>3,995,045</u>	<u>5,063,300</u>
 TOTAL LIABILITIES AND NET ASSETS AND EQUITY	 <u>\$ 12,000,734</u>	 <u>\$ 12,896,217</u>

The accompanying Notes to Consolidated Financial Statements  
are an integral part of these statements.

HOPE COMMUNITY, INC.  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contributions of Financial Assets	\$ 1,903,551	\$ 440,000	\$ 2,343,551	\$ 910,869	\$ 1,247,548	\$ 2,158,417
Grants from Governmental Agencies	-	-	-	25,067	-	25,067
Contributions of Nonfinancial Assets	-	-	-	14,380	-	14,380
Rental Income	944,523	-	944,523	776,398	-	776,398
Investment Income (Loss)	121,300	-	121,300	(93,153)	-	(93,153)
Gain on Sale of Property	-	-	-	94,094	-	94,094
Other Income	206,683	-	206,683	149,216	-	149,216
Net Assets Released from Restrictions:						
Satisfaction of Time Restrictions	683,333	(683,333)	-	868,333	(868,333)	-
Satisfaction of Purpose Restrictions	593,477	(593,477)	-	316,071	(316,071)	-
Total Support and Revenue	4,452,867	(836,810)	3,616,057	3,061,275	63,144	3,124,419
Expense:						
Program Services:						
Community Engagement	1,459,441	-	1,459,441	1,189,669	-	1,189,669
Real Estate Development	278,010	-	278,010	314,371	-	314,371
Housing and Asset Management	2,164,946	-	2,164,946	2,011,577	-	2,011,577
Total Program Services	3,902,397	-	3,902,397	3,515,617	-	3,515,617
Support Services:						
Management and General	591,481	-	591,481	436,836	-	436,836
Fundraising	190,434	-	190,434	247,140	-	247,140
Total Support Services	781,915	-	781,915	683,976	-	683,976
Total Expense	4,684,312	-	4,684,312	4,199,593	-	4,199,593
Change in Net Assets from Operations	(231,445)	(836,810)	(1,068,255)	(1,138,318)	63,144	(1,075,174)
Release of Forgivable Loan	-	-	-	45,100	-	45,100
Total Change in Net Assets	(231,445)	(836,810)	(1,068,255)	(1,093,218)	63,144	(1,030,074)
Net Assets and Equity - Beginning of Year	3,648,490	1,414,810	5,063,300	4,741,708	1,351,666	6,093,374
Net Assets and Equity - End of Year	\$ 3,417,045	\$ 578,000	\$ 3,995,045	\$ 3,648,490	\$ 1,414,810	\$ 5,063,300

The accompanying Notes to Consolidated Financial Statements  
are an integral part of these statements.

**HOPE COMMUNITY, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2023 WITH COMPARATIVE TOTALS FOR 2022**

	2023							2022	
	Program Services				Support Services			Total All Services	Total All Services
	Community Engagement	Real Estate Development	Housing and Asset Management	Total Program Services	Management and General	Fundraising	Total Support Services		
Salaries	\$ 1,013,821	\$ 166,966	\$ 156,461	\$ 1,337,248	\$ 289,096	\$ 123,421	\$ 412,517	\$ 1,749,765	\$ 1,474,230
Employee Benefits	95,536	15,747	14,755	126,038	28,999	11,639	40,638	166,676	147,992
Payroll Taxes	87,607	15,324	13,573	116,504	23,495	10,672	34,167	150,671	144,122
Total Personnel Costs	1,196,964	198,037	184,789	1,579,790	341,590	145,732	487,322	2,067,112	1,766,344
Operating and Maintenance	-	40,194	556,663	596,857	-	-	-	596,857	455,510
Occupancy	8,766	17,453	270,921	297,140	44,867	-	44,867	342,007	297,527
Interest	-	-	225,377	225,377	-	-	-	225,377	233,355
Client Support Services	172,584	864	3,184	176,632	-	-	-	176,632	171,101
Contracted Services	66,998	16,144	15,105	98,247	3,660	37,218	40,878	139,125	125,677
Bad Debt	-	-	118,325	118,325	-	-	-	118,325	117,676
Insurance	-	-	87,778	87,778	13,214	-	13,214	100,992	116,913
Professional Fees	-	-	-	-	89,345	-	89,345	89,345	77,110
Real Estate Taxes	-	-	85,425	85,425	-	-	-	85,425	88,068
Telephone	2,747	-	-	2,747	36,871	-	36,871	39,618	35,905
Licenses and Fees	679	1,952	28,635	31,266	-	-	-	31,266	22,243
Minor Equipment	544	-	-	544	24,563	-	24,563	25,107	1,892
Training and Development	8,842	2,252	611	11,705	10,701	-	10,701	22,406	24,976
Printing and Publicity	230	466	600	1,296	9,114	7,484	16,598	17,894	10,468
Miscellaneous	1,021	576	446	2,043	10,022	-	10,022	12,065	6,268
Supplies	66	72	-	138	7,534	-	7,534	7,672	4,738
Depreciation and Amortization	-	-	587,087	587,087	-	-	-	587,087	643,822
Total Expense	\$ 1,459,441	\$ 278,010	\$ 2,164,946	\$ 3,902,397	\$ 591,481	\$ 190,434	\$ 781,915	\$ 4,684,312	\$ 4,199,593

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

HOPE COMMUNITY, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Support Services			Total All Services	
	Community Engagement	Real Estate Development	Housing and Asset Management	Total Program Services	Management and General	Fundraising		Total Support Services
Salaries	\$ 723,517	\$ 209,308	\$ 53,411	\$ 986,236	\$ 308,688	\$ 179,306	\$ 487,994	\$ 1,474,230
Employee Benefits	73,782	20,307	3,315	97,404	32,527	18,061	50,588	147,992
Payroll Taxes	71,696	19,732	5,390	96,818	29,754	17,550	47,304	144,122
Total Personnel Costs	868,995	249,347	62,116	1,180,458	370,969	214,917	585,886	1,766,344
Operating and Maintenance	8,268	15,792	428,807	452,867	1,499	1,144	2,643	455,510
Occupancy	43,924	3,671	246,480	294,075	1,676	1,776	3,452	297,527
Interest	-	-	233,355	233,355	-	-	-	233,355
Client Support Services	106,955	-	64,146	171,101	-	-	-	171,101
Contracted Services	56,307	21,187	-	77,494	36,859	11,324	48,183	125,677
Bad Debt	-	-	117,676	117,676	-	-	-	117,676
Insurance	3,130	1,043	103,195	107,368	7,441	2,104	9,545	116,913
Professional Fees	8,143	2,330	64,375	74,848	1,135	1,127	2,262	77,110
Real Estate Taxes	-	-	88,068	88,068	-	-	-	88,068
Telephone	25,825	3,423	1,842	31,090	2,268	2,547	4,815	35,905
Licenses and Fees	405	210	21,299	21,914	329	-	329	22,243
Minor Equipment	999	183	294	1,476	309	107	416	1,892
Training and Development	16,427	2,755	-	19,182	4,866	928	5,794	24,976
Printing and Publicity	4,232	1,387	-	5,619	206	4,643	4,849	10,468
Miscellaneous	2,072	573	2,141	4,786	1,025	457	1,482	6,268
Supplies	1,272	247	391	1,910	2,674	154	2,828	4,738
Depreciation and Amortization	42,715	12,223	577,392	632,330	5,580	5,912	11,492	643,822
Total Expense	\$ 1,189,669	\$ 314,371	\$ 2,011,577	\$ 3,515,617	\$ 436,836	\$ 247,140	\$ 683,976	\$ 4,199,593

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



HOPE COMMUNITY, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2023	2022
<u>Increase (Decrease) in Cash</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (1,068,255)	\$ (1,030,074)
Depreciation & Amortization Expense	587,087	643,822
Gain on Sale of Property	-	(94,094)
Realized and Unrealized (Gain) Loss on Investments	(86,146)	121,914
Release of Forgivable Loan	-	(45,100)
Amortization of Interest-Deferred Loans	128,242	142,129
Accrued Interest Receivable	(28,273)	(27,228)
Other Assets	857	7,135
Accrued Interest Payable	108,198	99,298
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(53,902)	40,566
Accrued Salaries and Vacation	20,050	2,085
Tenants' Deposits	(24,436)	(24,770)
Decreases (Increases) in Current Assets:		
Grants and Contributions Receivable	(93,686)	390,762
Accounts Receivable	(40,606)	1,470
Prepaid Expenses	7,717	(13,884)
Net Cash Provided (Used) by Operating Activities	(543,153)	214,031
Cash Flows from Investing Activities:		
Proceeds from Sale of Property	-	120,000
Purchase of Property	(62,594)	(112,445)
Proceeds from Sale of Investments	553,401	93,107
Purchases of Investments	(475,225)	(85,442)
Net Cash Provided (Used) by Investing Activities	15,582	15,220
Cash Flows from Financing Activities:		
Investment In Endowments	-	(8,000)
Principal Payments on Notes Payable	(11,515)	(42,143)
Net Cash (Used) by Financing Activities	(11,515)	(50,143)
Net Increase (Decrease) in Cash	(539,086)	179,108
Cash - Beginning of Year	1,598,909	1,419,801
Cash - End of Year	\$ 1,059,823	\$ 1,598,909
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid for:		
Interest	\$ -	\$ 1,404

The accompanying Notes to Consolidated Financial Statements  
are an integral part of these statements.

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

1. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements of Hope Community, Inc. (Hope) include the accounts of Dundry House, LLC, Hope Block Stabilization Phase I, LLC and Franklin Portland Gateway Phase I, LP. All material inter-organizational transactions have been eliminated.

Organization

Mission – Hope creates connections that strengthen the power of community members and communities. Hope cultivates community leaders, builds community capacity, cares for the housing and community spaces it develops, and pursues equity and diversity in all it does.

Core Values

*Respect.* Hope believes in people. Hope relates to youth and adults as people, not clients.

*Connection.* Hope builds relationships, the cornerstone of all its work.

*Listening.* Hope listens to all who engage with it. The realities Hope hears drives its planning and activities.

*Co-creation.* Hope encourages people to co-create projects, programs, places, opportunities with it.

*Equity.* Hope pursues racial and economic equity in all its work to achieve equitable power, access, opportunities, treatment, impacts and outcomes for all.

*Stewardship.* Hope is a responsible and accountable steward of the natural, human, material and community resources invested in its work.

Operating Principles

Hope believes that community engagement and real estate development are integral components of community development.

Hope develops both formal and informal partnerships to advance its mission.

Hope designs its work to strengthen multi-cultural and economically diverse community involvement and leadership, to respect different cultural perspectives, and to challenge racism.

Hope reflects its strong endorsement of the leadership and power of people of color in its board and staff composition and advancement policies and practices.

Hope operates organically, intentionally, and flexibly and strive to be accountable, transparent, and authentic in all it does.

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Organization (continued)

Hope is a BIPOC-led, BIPOC-serving, place-based community development and community power building organization in the Phillips Community of Minneapolis. Hope uses a holistic and adaptive approach to change the environments, systems, policies, practices, and narratives that have been and continue to be harmful to people in the community. Hope's work results in collective power to disrupt structural racism, alternatives to gentrification, community self-determination, and community well-being.

Since 1977, Hope has been a neighborhood hub in the multiracial, majority Black, Indigenous, and people of color (BIPOC) Phillips Community, a, one of the most economically challenged and diverse neighborhoods in south of downtown Minneapolis with more than 22,000 residents, 80% of whom are people of color. Hope began as a homeless shelter in 1977. In the 1980s, illegal drug trade and related violence and disinvestment devastated the neighborhood. In the mid-1990s, we transitioned from providing emergency shelter services to a new mission focused on community, long-term development, and systems change. Over the next two decades, Hope developed a critical mass of high-quality affordable housing without displacing diverse low-income residents on four blocks at what had been an abandoned intersection a mile south of downtown Minneapolis, now known as the South Quarter.

Today, Hope is a well-respected organization focused on community development, community asset building, and systems change. Hope has developed 237 high-quality rental units, 12 affordable homeownership units, Hope's offices and community center, community gardens, and small community businesses. Seventy percent (70%) of our units are affordable to very low-income households earning 30-50% of the area median income (AMI). While our place-based development is compelling, we also have a strong history of engaging and building power with community members in a myriad of ways. In 2023, Hope served and involved more than 2,185 people at Hope housing, community spaces, and provides foundational engagement programming, supports, training and capacity building opportunities, and community power building activities for residents to advance personal goals, community priorities, and much-needed systems change.

In 2023, Hope's work was accomplished by 12 voting members of the Board of Directors, a staff of 24 with help of program volunteers, contracted facilitators and special project personnel, and multiple key partners/collaborating organizations contributed to Hope's mission.

There are many stories that communicate how individuals and families benefit from Hope's work in the community. There are a few examples:

- Hope involved nearly 250 community members in garden planning, planting, tending, sharing the harvest, and building relationship with each other. In the 2023 growing season, we gave away an estimated \$10,000 worth of produce to community members at our weekly food distribution sites.

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Organization (continued)

- In 2023, Hope engaged with over 161 youths in the Youth, Leadership and Learning program. They built their skills, connected with each other, and developed mindsets to choose their career paths through two different Small Group Learning Cohorts: Young Men of Color (YMOC) and Career Pathways, internships, and workshops focusing on technology and soft skills.
- Since launching the program in 2020, Hope has trained 74 community leaders in community ownership across 8 cohorts. This model prepares community members to become owner-occupied landlords of duplexes. To date, 12 people have purchased properties, including single-family homes and duplexes.

Community Engagement – Hope has completed its 14th growing season in the community gardens, renovated the youth garden with walking paths, irrigation, and an orchard. Hope completed the 4<sup>th</sup> year of Transformational Creative Strategies Training (TRCSTR) with 8 community artists with a focus on BIPOC artists, to work effectively with community and social justice organizers to employ public art as a strategy for community building and organizing.

Hope continues to host and engage community members in two annual cycles of Neighborhood Development Center’s (NDC) “Plan It!” training for aspiring entrepreneurs to develop business plans and networks of support.

Real Estate Development – Hope’s work with real estate and public space features an innovative, entrepreneurial approach to community development, and Hope has developed a critical mass of housing, indoor and outdoor community space (including Hope’s offices and community center), and space for two neighborhood businesses that are changing the face of a formerly devastated neighborhood. South Quarter, a major development (in partnership with Aeon), reflects 20+ years of persistent vision and strategy to develop a critical mass of community-focused housing on all four corners of the Portland and Franklin intersection. In total, Hope has developed 237 units of housing (70% affordable, 30% market rate), 25,000 square feet of retail, office, and community space, and 7,500 square feet of urban agriculture space in the blocks around that intersection. In 2023, Hope and the City of Lakes Community Land Trust completed construction on the longest vacant building in the city at 628 East Franklin, which are seven perpetually affordable land trust condominium opportunities.

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Organization (continued)

Housing and Asset Management – Stable, healthy, and affordable housing in a supportive community environment is an effective way for individuals and families to meet the challenges of poverty and isolation in an urban environment. Hope's relationships with residents are rooted in respect and mutual accountability. Hope's properties are managed by two professional property management companies. As a property owner committed to its buildings for the long-term, Hope is responsible for the traditional duties of a real estate asset manager – financial oversight, selection of a property manager, compliance with regulatory agreements, capital improvement planning, etc. However, Hope's approach to asset management involves a much broader understanding of how to maintain its real estate as a long-term asset. Key to that understanding is relationship – maintaining relationships with residents, funders, government partners, neighbors, community members, and many others. Hope is involved with groups such as the local business association and neighborhood association. Considerable effort is spent to connect the distinct functions of Hope's community engagement and property management work.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to Hope, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and purpose. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. Property is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-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. Hope reports contributions restricted by donors as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Promises-To-Give (Grants and Contributions Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Property

All expenditures for property in excess of \$500 are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is provided through the use of the straight-line method.

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Doubtful Accounts

Hope extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and Hope does not charge interest on accounts receivable balances. Hope reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. Hope provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. Allowance for doubtful accounts was \$246,602 and \$157,766 for the years ended December 31, 2023 and 2022, respectively.

Investments

Hope carries its investments at market value.

Investments in Limited Partnerships

Investments in limited partnerships consist of privately held partnerships without readily determinable market values. Hope adjusts the carrying value of these investments up or down for observable price changes in orderly transactions for identical or similar investments of the same issuer and for impairment, if any (referred to as the measurement alternative). All gains and losses on these investments, realized and unrealized, are recognized in the statement of activities as changes in net assets.

Leases

Hope determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. Hope does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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 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.

Functional Allocation of Expense

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated on a systematic basis as determined by management.

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

Hope recognizes grants and contributions when cash, securities or other assets, with an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of Hope's revenue is derived from state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Hope has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No refundable advances exist at the years ended December 31, 2023 and 2022.

Hope records contributions of nonfinancial assets at fair market value at date of donation. Hope's policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the organization. If an asset is provide that does not allow Hope to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist.

Rental Income is recognized over the period of the tenant leases while Program Fees are recognized as revenue when the performance obligation of providing services are met.

Income Tax

Hope has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. Hope's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. Hope continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. In compliance with its exempt status, Hope annually files a Return of Organization Exempt From Income Tax (Form 990).

Subsequent Events

Hope has evaluated the effect that subsequent events would have on the consolidated financial statements through September 6, 2024, which is the date consolidated financial statements were available to be issued.

In June 2024, a property held in Dundry House, LLC was demolished due to several fires that occurred. Hope has been successfully negotiating with the various governmental debt holders related to this property to get loans forgiven or terms modified. After considering depreciation taken in prior years, Hope expects the amount of debt forgiveness in the year ending December 31, 2024 to exceed the net book value of the property written off.

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

2. Financial Instruments

Significant Concentrations of Credit Risk

Hope provides services within the Twin Cities area. The amounts due for services provided are from individuals, or their third-party payers, substantially all of which are local. In addition, grants and contributions receivable are from local governments or institutions.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2023 and 2022, Hope held funds in excess of federally insured limits.

3. Grants and Contributions Receivable

The balance of grants and contributions receivable as of December 31, 2023 and 2022 are due in the following year.

4. Investments

Hope held the following investments as of:

	December 31,			
	2023		2022	
	Market	Cost	Market	Cost
Mutual Funds	\$ 265,006	\$ 296,169	\$ 629,635	\$ 329,592
Donor Advised Funds	371,992	366,795	-	-
Cash Surrender Value of Life Insurance Policies	6,019	2,181	5,412	2,181
	\$ 643,017	\$ 665,145	\$ 635,047	\$ 331,773

Investment income (loss) was as follows as of:

	December 31,	
	2023	2022
Interest and Dividend Income	\$ 6,883	\$ 1,532
Realized and Unrealized Gain (Loss)	86,146	(121,914)
Deferred Interest Income from Notes Receivable	28,271	27,229
	\$ 121,300	\$ (93,153)

5. Fair Value

Hope adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820"). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.



HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

5. Fair Value (continued)

The following is a summary of the inputs used to determine the fair value of the investments at December 31:

	2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 265,006	\$ -	\$ -	\$ 265,006
Donor Advised Funds	371,992	-	-	371,992
Life Insurance Policies	6,019	-	-	6,019
Investment in Ltd. Partnerships	-	-	264,936	264,936
Due from Limited Partnerships	-	733,064	-	733,064
Total	\$ 643,017	\$ 733,064	\$ 264,936	\$ 1,641,017

	2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 629,635	\$ -	\$ -	\$ 629,635
Life Insurance Policies	5,412	-	-	5,412
Investment in Ltd. Partnerships	-	-	264,936	264,936
Due from Limited Partnerships	-	733,064	-	733,064
Total	\$ 635,047	\$ 733,064	\$ 264,936	\$ 1,633,047

6. Property and Equipment

Hope owned the following assets as of:

	December 31,		Estimated Useful Lives
	2023	2022	
Land	\$ 1,121,007	\$ 1,121,007	
Buildings and Improvements	15,957,893	15,920,073	10-40 years
Furniture and Equipment	1,116,954	1,092,180	3-10 years
	18,195,854	18,133,260	
Less Accumulated Depreciation	9,940,999	9,360,047	
	\$ 8,254,855	\$ 8,773,213	

Depreciation and amortization expense of \$587,087 and \$643,822 was recorded for the years ended December 31, 2023 and 2022, respectively.

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

7. Notes Payable

Starting in 1994, Hope became indebted for renovation and development projects. Included in the indebtedness are notes payable which are payable at the end of their term. The notes were discounted to reflect the market interest rate and present value of the notes. The following schedule reflects the current value of the outstanding notes as of:

	December 31,			
	2023		2022	
	Face Value	Current Value	Face Value	Current Value
Variable tax exempt note payable to Western Bank. Initial rate fixed 4.6% for the first five (5) years of the loan, then the loan will reprice every five (5) years at rate not lower than 4.6% nor higher than 7.5%. Secured by property at 616 and 618 E. 22nd Street and 2013 Oakland Avenue South, Minneapolis.	\$ -	\$ -	\$ 1,927,300	\$ 11,515
1% note payable to Minneapolis Community Development Agency. Principal and accrued interest due in full October 2039. Secured by mortgage, security agreement, and fixture financing agreement.	495,000	495,000	495,000	495,000
1% note payable to Minneapolis Community Development Agency. Principal and accrued interest due in full February 2027. Secured by properties at 2023, 2101, and 2109 Portland Avenue South, and 2026 Oakland Avenue South, Minneapolis.	192,435	192,435	192,435	182,479
1% note payable to Minneapolis Community Development Agency. Principal and accrued interest due in full December 2028. Secured by property and rents at 2024 Oakland Avenue South, Minneapolis.	168,900	150,259	168,900	139,129

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

7. Notes Payable (Continued)

	December 31,			
	2023		2022	
	Face Value	Current Value	Face Value	Current Value
1% note payable to Community Reinvestment Fund. Principal and accrued interest due in full March 2025. Secured by mortgage, security agreement, and fixture financing agreement.	100,000	100,000	100,000	100,000
0% note payable to Minnesota Housing Finance Agency. Will be forgiven March 2024, if all provisions set for this loan agreement are followed. Secured by properties at 2012, 2023, 2101, and 2109 Portland Avenue South, and 2026 Oakland Avenue South, Minneapolis.	130,000	130,000	130,000	121,854
0% note payable to Family Housing Fund. Principal balance due in full July 2026. Secured by mortgage.	149,000	122,753	149,000	113,053
0% note payable to Minnesota Housing Finance Agency. Principal balance due in full July 2031. Secured by properties at 2023 and 2109 Portland Avenue South, Minneapolis. 139,500	139,500	77,995	139,500	72,218
1% note payable to the City of Minneapolis. Principal and accrued interest due in full July 2037.	332,000	141,115	332,000	132,502
1% note payable to the City of Minneapolis. Principal and accrued interest due in full October 2039. Secured by mortgage, security agreement and fixture financing agreement.	646,000	238,604	646,000	224,041

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

7. Notes Payable (continued)

	December 31,			
	2023		2022	
	Face Value	Current Value	Face Value	Current Value
6.5% 30-year note payable to Minnesota Housing Finance Agency. Will be forgiven October 2039 if all provisions set for this loan agreement are followed. Secured by mortgage security agreements for 2023, 2023, 2109 and 2115 Portland Avenue South, 2024 and 2026 Oakland Avenue South, Minneapolis.	539,838	199,123	539,838	186,970
6.5% 30-year note payable to Minnesota Housing Finance Agency. Will be forgiven October 2039 if all provisions set for this loan agreement are followed. Secured by mortgage security agreements for 2023, 2023, 2109 and 2115 Portland Avenue South, 2024 and 2026 Oakland Avenue South, Minneapolis.	190,000	70,082	190,000	65,806
1% 30-year note payable to Minnesota Housing Finance Agency. Will be forgiven December 2040 if all provisions set for this loan agreement are followed. Secured by mortgage security agreements for 1829-5 <sup>th</sup> Avenue, Minneapolis.	1,082,805	368,639	1,082,805	346,140
\$200,000 variable rate line-of-credit with American National Bank. Interest is payable at the bank's prime rate of 5.75%. The credit facility expires November 29, 2024 Secured by cash accounts.	200,000	-	200,000	-

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

7. Notes Payable (continued)

	December 31,			
	2023		2022	
	Face Value	Current Value	Face Value	Current Value
1% 30-year note payable to City of Minneapolis. Principal and accrued interest due in full December 2048. Secured by mortgage security agreements for 1829 – 5 <sup>th</sup> , 2012, 2101 Portland Avenue and 616-618 E. 22 <sup>nd</sup> Street, Minneapolis.	408,679	117,393	408,679	111,680
1% 30-year note payable to Minnesota Housing Finance Agency. Will be forgiven December 2048 if all provisions set for this loan agreement are followed. Secured by mortgage security agreements for 1829- 5 <sup>th</sup> , 2012, 2101 Portland Avenues and 616-618 E. 22nd Street, Minneapolis.	1,124,000	322,870	1,124,000	307,154
1% note payable to Minnesota Housing Finance Agency. Principal and accrued interest due in full January 2033. Secured by mortgage security agreements for 613 E. Franklin Avenue, 2108 Oakland Avenue and 612-614 East 22 <sup>nd</sup> Street, Minneapolis.	2,019,597	2,019,597	2,019,597	2,019,597
1% note payable to City of Minneapolis Community Planning and Economic Development Department (CPED). Principal and accrued interest due in full January 2033. Secured by mortgage security agreements for 613 E. Franklin Avenue, 2108 Oakland Avenue and 612-614 East 22 <sup>nd</sup> Street, Minneapolis.	400,000	400,000	400,000	400,000

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

7. Notes Payable (continued)

	December 31,			
	2023		2022	
	Face Value	Current Value	Face Value	Current Value
1% note payable to CPED. Principal and accrued interest due in full January 2033. Secured by mortgage security agreements for 613 E. Franklin Avenue, 2108 Oakland Avenue and 612-614 East 22 <sup>nd</sup> Street, Minneapolis.	100,000	100,000	100,000	100,000
1% note payable to Family Housing Fund. Principal and accrued interest due in full January 2033. Secured by mortgage security agreements for 612 E. Franklin Avenue, 2108 Oakland Avenue and 612-614 East 22 <sup>nd</sup> Street, Minneapolis.	290,000	290,000	290,000	290,000
1% note payable to CPED. Principal and accrued interest due in full January 2033. Secured by mortgage security agreements for 613 E. Franklin Avenue, 2108 Oakland Avenue and 612-614 East 22 <sup>nd</sup> Street, Minneapolis.	500,000	500,000	500,000	500,000
5.34% note payable to CPED. Principal and accrued interest due in full December 2032. Secured by mortgage security agreements for 613 E. Franklin Avenue, 2108 Oakland Avenue and 612-614 East 22 <sup>nd</sup> Street, Minneapolis.	55,000	55,000	55,000	55,000
5.34% note payable to CPED. Principal and accrued interest due in full January 2033. Secured by mortgage security agreements for 613 E. Franklin Avenue, 2108 Oakland Avenue and 612-614 East 22 <sup>nd</sup> Street, Minneapolis.	205,000	205,000	205,000	205,000

**HOPE COMMUNITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

7. Notes Payable (continued)

	December 31,			
	2023		2022	
	Face Value	Current Value	Face Value	Current Value
1% note payable to Hennepin County Housing and Redevelopment Authority. Principal and accrued interest due in full January 2033. Secured by mortgage security agreements for 613 E. Franklin Avenue, 2108 Oakland Avenue and 612-614 East 22 <sup>nd</sup> St., Minneapolis.	148,000	<u>148,000</u>	148,000	<u>148,000</u>
		6,443,865		6,327,138
Less Unamortized Debt Issuance		<u>28,685</u>		<u>34,820</u>
		6,415,180		6,292,318
Less Portion Due Within One (1) Year		<u>130,000</u>		<u>11,515</u>
Long-term Portion		<u>\$ 6,285,180</u>		<u>\$ 6,280,803</u>

Principal payments required are as follows:

<u>Due in the Year Ending December 31,</u>	
2024	\$ 130,000*
2025	100,000
2026	122,752
2027	192,435
2028	150,259
2029 and succeeding years	<u>5,748,419*</u>
Total	<u>\$ 6,443,865</u>

\* Includes amounts that may be forgiven.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following as of:

	December 31,	
	2023	2022
Restrictions that Expire:		
Purpose Restrictions:		
Advancing Racial Equity	230,000	383,477
Capital	200,000	-
Groundbreak Coalition	-	150,000
Youth Learning and Leadership	-	60,000
Time Restrictions:		
Future Operations	10,000	683,333
Restrictions in Perpetuity:		
Endowment	<u>138,000</u>	<u>138,000</u>
	<u>\$ 578,000</u>	<u>\$ 1,414,810</u>

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

9. Endowment Fund

Description

The Endowment consists of with donor restrictions and without donor restrictions funds established for the following purposes:

With donor restricted endowment funds are to be held in perpetuity, with the income and related investment gains to be used for any mission related program.

Without donor restricted endowment funds are designated by the Board of Directors to function as endowments, and are held at the discretion of the Board of Directors, with the income and related investment gains to be used for any mission related purpose.

Interpretation of Relevant Law

The Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, Hope defines assets with donor restrictions that are perpetual in nature as:

- (a) the original value of gifts donated to the endowment that is perpetual in nature,
- (b) the original value of subsequent gifts to the endowment that is perpetual in nature,
- (c) accumulations to the endowment that is perpetual in nature made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in perpetual in nature is classified as net assets with donor-imposed time or purpose restrictions until those amounts are appropriated for expenditure by Hope in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Hope considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of Hope and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of Hope
7. The investment policies of Hope



**HOPE COMMUNITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

9. Endowment Fund (continued)

Changes in Endowment Net Assets

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
December 31, 2021	\$ 291,419	\$ 130,000	\$ 421,419
Total Investment Return	(76,486)	-	(76,486)
Contributions	<u>-</u>	<u>8,000</u>	<u>8,000</u>
December 31, 2022	214,933	138,000	352,933
Total Investment Return	19,059	-	19,059
Contributions	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2023	<u>\$ 233,992</u>	<u>\$ 138,000</u>	<u>\$ 371,992</u>

10. Contributions of Nonfinancial Assets

Contributions of nonfinancial assets consisted of amounts for the following in the years ended:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Contracted Services	<u>\$ -</u>	<u>\$ 14,380</u>

Contributed nonfinancial assets were utilized for programs and had no donor restrictions. Values were based on current market rates Hope would have paid had the contracted services not been donated.

11. Related Parties

Hope is the general managing partner in two limited partnerships, FPG II, and FPG III, with a .005% ownership interest in each. Hope is also a general managing partner in FPG IV, with a .01% ownership interest.

As a general managing partner of FPG II, Hope is to receive a management fee of \$15,000 annually, increasing at a 3% annual rate on a cumulative basis from the available cash flow. No fee was paid in both years ending December 31, 2023 and 2022.

As a general managing partner of FPG III, Hope is to receive an annual management fee to the extent of the cash flow. The fee is a non-cumulative and none was paid in both years ending December 31, 2023 and 2022.

Hope has a 30-year master lease agreement with FPG II and FPG III for commercial space in the property. The leases expire in 2037 and 2039, respectively.

HOPE COMMUNITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

11. Related Parties (continued)

Mortgages outstanding to the limited partnerships are secured by the mortgage at interest ranging from 1% to 4.79%. Notes are stated at unpaid principal balances. Interest income from related parties was \$28,271 and \$27,229 for the years ended December 31, 2023 and 2022, respectively. The notes receivable are summarized as follows as of:

	December 31,	
	2023	2022
FPG II	\$ 224,000	\$ 224,000
FPG III	509,064	509,064
Total	\$ 733,064	\$ 733,064

The mortgages are expected to be collected in the year ending December 31, 2047. The accrued interest receivable on these notes is as follows as of:

	December 31,	
	2023	2022
FPG II	\$ 290,704	\$ 268,342
FPG III	88,060	82,150
Total	\$ 378,764	\$ 350,492

12. Liquidity and Availability

The following represents Hope's financial assets at:

	December 31,	
	2023	2022
Financial Assets:		
Cash	\$ 1,059,823	\$ 1,598,909
Grants and Contributions Receivable	397,924	304,238
Accounts Receivable - Net	157,502	116,896
Total Financial Assets	1,615,249	2,020,043
Less assets not available to be used for general expenditures within one year:		
Net Assets With Donor Restrictions-expiring	440,000	1,276,810
Net Assets With Restrictions to be met within a year	(440,000)	(1,147,571)
Total assets not available for general expenditures within one year:	-	129,239
Financial assets available for general expenditures within one year	\$ 1,615,249	\$ 1,890,804

Hope maintains a board-designated fund acting as endowment of \$233,992 and \$214,933 as of December 31, 2023 and 2022 respectively that is not considered available for use within one year. Although Hope does not intend to spend from this board-designated endowment, these amounts could be made available if necessary.

Hope maintains a \$200,000 line of credit to aid in liquidity.

**ADDITIONAL INFORMATION**

HOPE COMMUNITY, INC.  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023

<u>ASSETS</u>	<u>Hope Community</u>	<u>Dundry House, LLC</u>	<u>Hope Block Stabilization Phase I, LLC</u>	<u>Franklin Port- land Gateway Phase I, LP</u>	<u>Elimination Entries</u>	<u>Total</u>
<b>Current Assets:</b>						
Cash	\$ 798,189	\$ 36,321	\$ 29,392	\$ 195,921	\$ -	\$ 1,059,823
Grants and Contributions Receivable	397,924	-	-	-	-	397,924
Accounts Receivable-Net	116,447	11,021	16,245	13,789	-	157,502
Prepaid Expenses	11,121	9,265	7,552	15,783	-	43,721
Due from Affiliated Organization	831,081	-	-	-	(831,081)	-
Total Current Assets	<u>2,154,762</u>	<u>56,607</u>	<u>53,189</u>	<u>225,493</u>	<u>(831,081)</u>	<u>1,658,970</u>
Investments	643,017	-	-	-	-	643,017
Investment in Limited Partnerships	264,936	-	-	-	-	264,936
Due from Limited Partnerships	2,033,064	-	-	-	(1,300,000)	733,064
Deferred Developer Fee	4,562	-	-	-	-	4,562
Accrued Interest Receivable	378,764	-	-	-	-	378,764
Property - Net	235,059	2,408,042	446,520	5,165,234	-	8,254,855
Other Assets	62,566	-	-	-	-	62,566
<b>TOTAL ASSETS</b>	<u><u>\$ 5,776,730</u></u>	<u><u>\$ 2,464,649</u></u>	<u><u>\$ 499,709</u></u>	<u><u>\$ 5,390,727</u></u>	<u><u>\$ (2,131,081)</u></u>	<u><u>\$ 12,000,734</u></u>
<u>LIABILITIES AND NET ASSETS AND EQUITY</u>						
<b>Current Liabilities:</b>						
Notes Payable	\$ 130,000	\$ -	\$ -	\$ -	-	\$ 130,000
Accounts Payable	48,950	57,742	51,711	98,448	-	256,851
Accrued Salaries and Vacation	123,019	427	1,398	3,331	-	128,175
Tenants' Deposits	16,061	12,443	16,686	42,650	-	87,840
Due to Affiliated Organization	-	515,209	184,393	131,479	(831,081)	-
Total Current Liabilities	<u>318,030</u>	<u>585,821</u>	<u>254,188</u>	<u>275,908</u>	<u>(831,081)</u>	<u>602,866</u>
Accrued Interest Payable	185,658	-	-	931,985	-	1,117,643
Notes Payable	1,138,442	937,223	507,811	3,701,704	-	6,285,180
Total Liabilities	<u>1,642,130</u>	<u>1,523,044</u>	<u>761,999</u>	<u>4,909,597</u>	<u>(831,081)</u>	<u>8,005,689</u>
<b>Net Assets and Equity:</b>						
Without Donor Restrictions	3,556,600	941,605	(262,290)	481,130	(1,300,000)	3,417,045
With Donor Restrictions	578,000	-	-	-	-	578,000
Total Net Assets and Equity	<u>4,134,600</u>	<u>941,605</u>	<u>(262,290)</u>	<u>481,130</u>	<u>(1,300,000)</u>	<u>3,995,045</u>
<b>TOTAL LIABILITIES AND NET ASSETS AND EQUITY</b>	<u><u>\$ 5,776,730</u></u>	<u><u>\$ 2,464,649</u></u>	<u><u>\$ 499,709</u></u>	<u><u>\$ 5,390,727</u></u>	<u><u>\$ (2,131,081)</u></u>	<u><u>\$ 12,000,734</u></u>

See Independent Auditor's Report

HOPE COMMUNITY, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Hope Community	Dundry House, LLC	Hope Block Stabilization Phase I, LLC	Franklin Port- land Gateway Phase I, LP	Elimination Entries	Total
<b>Support and Revenue:</b>						
Grants and Contributions of Financial Assets	\$ 2,343,551	\$ -	\$ -	\$ -	\$ -	\$ 2,343,551
Rental Income	253,128	124,195	170,633	396,567	-	944,523
Investment Income	118,214	2,077	331	678	-	121,300
Other Income	134,753	61,430	-	10,500	-	206,683
<b>Total Support and Revenue</b>	<b>2,849,646</b>	<b>187,702</b>	<b>170,964</b>	<b>407,745</b>	<b>-</b>	<b>3,616,057</b>
<b>Expense:</b>						
Salaries	1,594,785	32,591	43,149	79,240	-	1,749,765
Employee Benefits	145,638	5,504	4,724	10,810	-	166,676
Payroll Taxes	137,626	2,950	3,570	6,525	-	150,671
Operating and Maintenance	3,839	306,532	104,224	182,262	-	596,857
Occupancy	140,733	47,079	37,108	117,087	-	342,007
Interest	95,319	52,553	31,154	46,351	-	225,377
Client Support Services	176,632	-	-	-	-	176,632
Contracted Services	139,125	-	-	-	-	139,125
Bad Debt	118,325	-	-	-	-	118,325
Insurance	24,451	20,393	21,945	34,203	-	100,992
Professional Fees	79,697	3,336	1,728	4,584	-	89,345
Real Estate Taxes	100	28,104	18,294	38,927	-	85,425
Telephone	29,094	2,484	2,176	5,864	-	39,618
Licenses and Fees	9,722	9,013	7,028	5,503	-	31,266
Minor Equipment	19,768	1,641	1,267	2,431	-	25,107
Training and Development	22,365	2	28	11	-	22,406
Printing and Publicity	17,894	-	-	-	-	17,894
Miscellaneous	2,329	9,028	272	436	-	12,065
Supplies	1,391	3,082	1,844	1,355	-	7,672
Depreciation and Amortization	20,640	189,243	122,207	254,997	-	587,087
	<b>2,779,473</b>	<b>713,535</b>	<b>400,718</b>	<b>790,586</b>	<b>-</b>	<b>4,684,312</b>
<b>Total Change in Net Assets</b>	<b>70,173</b>	<b>(525,833)</b>	<b>(229,754)</b>	<b>(382,841)</b>	<b>-</b>	<b>(1,068,255)</b>
<b>Net Assets and Equity - Beginning of Year</b>	<b>4,064,427</b>	<b>1,467,438</b>	<b>(32,536)</b>	<b>863,971</b>	<b>(1,300,000)</b>	<b>5,063,300</b>
<b>Net Assets and Equity - End of Year</b>	<b>\$ 4,134,600</b>	<b>\$ 941,605</b>	<b>\$ (262,290)</b>	<b>\$ 481,130</b>	<b>\$ (1,300,000)</b>	<b>\$ 3,995,045</b>

See Independent Auditors Report





