



***FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT***

**For the Years Ended
JUNE 30, 2020 and 2019**

CONTENTS

Independent Auditor's Report.....	1
Statements of Financial Position	3
Statements of Activities.....	4
Statements of Functional Expenses.....	6
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9

Independent Auditor's Report

Board of Directors of
Restore Hope Ministries, Inc.

We have audited the accompanying financial statements of Restore Hope Ministries, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Restore Hope Ministries, Inc. as of June 30, 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.

Emphasis of Matter

As discussed in the Summary of Significant Accounting Policies, Restore Hope Ministries, Inc. adopted new accounting guidance ASU No. 2018-08 – Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, effective July 1, 2019. Our opinion is not modified with respect to this matter.

Regier Carr & Monroe LLP

October 18, 2021
Tulsa, Oklahoma

RESTORE HOPE MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 969,882	\$ 537,436
Certificates of deposit	209,249	204,644
Pledges receivable	15,974	21,001
Beneficial interest in assets held by others	689,320	656,719
Property and equipment, net	297,572	309,469
Total assets	\$ 2,181,997	\$ 1,729,269
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 34,694	\$ 24,310
Unrecognized conditional contribution (PPP)	89,700	
<i>Total liabilities</i>	124,394	24,310
Net assets:		
<i>Without donor restrictions:</i>		
Undesignated	873,577	768,049
Board-designated	480,080	445,911
<i>Total net assets without donor restrictions</i>	1,353,657	1,213,960
With donor restrictions	703,946	490,999
Total net assets	2,057,603	1,704,959
Total liabilities and net assets	\$ 2,181,997	\$ 1,729,269

RESTORE HOPE MINISTRIES, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gain and other support			
Contributions	\$ 595,631	\$ 745,453	\$ 1,341,084
Grants	36,749		36,749
United Methodist Church apportionment	77,611		77,611
In-kind contributions	321,770		321,770
Investment income	37,492		37,492
Net assets released from restrictions	532,506	(532,506)	
<i>Fundraising Events, net</i>			
Proceeds	33,049		33,049
Less direct costs	(28,552)		(28,552)
<i>Total Fundraising Events, net</i>	4,497		4,497
Total revenues, gains and other support	1,606,256	212,947	1,819,203
Expenses			
Program services	1,244,390		1,244,390
Supporting services expense:			
General and administrative	159,127		159,127
Fundraising and development	63,042		63,042
Total supporting services expense	222,169		222,169
Total expenses	1,466,559		1,466,559
Change in net assets	139,697	212,947	352,644
Net assets, beginning of year	1,213,960	490,999	1,704,959
Net assets, end of year	\$ 1,353,657	\$ 703,946	\$ 2,057,603

RESTORE HOPE MINISTRIES, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gain and other support			
Contributions	\$ 495,137	\$ 351,723	\$ 846,860
Grants	38,400		38,400
United Methodist Church apportionment	83,859		83,859
In-kind contributions	422,758		422,758
Investment income	49,730		49,730
Net assets released from restrictions	425,745	(425,745)	
<i>Fundraising Events, net</i>			
Proceeds	33,512		33,512
Less direct costs	(28,256)		(28,256)
<i>Total Fundraising Events, net</i>	<u>5,256</u>		<u>5,256</u>
Total revenues, gains and other support	1,520,885	(74,022)	1,446,863
Expenses			
Program services	1,242,050		1,242,050
Supporting services expense:			
General and administrative	147,202		147,202
Fundraising and development	58,608		58,608
Total supporting services expense	<u>205,809</u>		<u>205,809</u>
Total expenses	1,447,859		1,447,859
Change in net assets	73,026	(74,022)	(996)
Net assets, beginning of year	1,140,934	565,021	1,705,955
Net assets, end of year	<u>\$ 1,213,960</u>	<u>\$ 490,999</u>	<u>\$ 1,704,959</u>

RESTORE HOPE MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2020

	Program Services					Supporting Services			Combined Total
	Rent Assistance	Food Assistance and Other Emergency Aid	Seasonal Assistance	Other Assistance	Total	General and Administrative	Fundraising	Total	
Salary and wages	\$ 130,841	\$ 105,611	\$ 9,729	\$ 18,090	\$ 264,271	\$ 99,919	\$ 51,260	\$ 151,179	\$ 415,450
Payroll taxes and benefits	23,571	42,728	8,352		74,651	35,240	7,110	42,350	117,001
Other personnel cost	273	495	97	86	951	1,662	86	1,748	2,699
Total payroll expenses	154,685	148,834	18,178	18,176	339,873	136,821	58,456	195,277	535,150
Aid distributed to families	411,840	254,778	145,767		812,385				812,385
Chapel expenses				5,182	5,182				5,182
Rent and utilities	10,476	18,991	3,712	9,480	42,659	2,370	2,370	4,740	47,399
Facility maintenance	1,607	2,912	569	1,454	6,542	363	363	726	7,268
Insurance	2,230	4,042	790	3,027	10,090	1,138		1,138	11,228
Office supplies and services	2,913	5,281	1,032	922	10,148	14,118	922	15,040	25,188
Technology and communications	1,977	3,584	701	542	6,804	3,722	336	4,058	10,862
Total before depreciation	431,043	289,588	152,571	20,607	893,810	21,711	3,991	25,702	919,512
Depreciation	2,630	4,766	932	2,379	10,707	595	595	1,190	11,897
Total expense	\$ 588,358	\$ 443,188	\$ 171,681	\$ 41,162	\$ 1,244,390	\$ 159,127	\$ 63,042	\$ 222,169	\$ 1,466,559

RESTORE HOPE MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019

	Program Services					Supporting Services			Combined Total
	Rent Assistance	Food Assistance and Other Emergency Aid	Seasonal Assistance	Other Assistance	Total	General and Administrative	Fundraising	Total	
Salary and wages	\$ 127,765	\$ 92,207	\$ 6,559	\$ 13,585	\$ 240,116	\$ 107,203	\$ 49,924	\$ 157,127	\$ 397,243
Payroll taxes and benefits	14,705	26,655	5,210		46,570	21,984	4,436	26,420	72,990
Other personnel cost	275	499	98	87	958	1,675	87	1,762	2,720
Total payroll expenses	142,745	119,361	11,867	13,672	287,645	130,862	54,446	185,308	472,953
Aid distributed to families	359,839	327,021	181,924		868,784				868,784
Chapel expenses				3,770	3,770				3,770
Rent and utilities	10,342	18,749	3,665	9,359	42,115	2,340	2,340	4,679	46,794
Facility maintenance	1,637	2,966	580	1,481	6,664	370	370	739	7,403
Insurance	2,258	4,093	800	3,065	10,217	1,152		1,152	11,369
Office supplies and services	1,781	3,228	631	564	6,204	8,631	564	9,194	15,398
Technology and communications	1,727	3,131	612	474	5,946	3,252	294	3,545	9,491
Total before depreciation	377,584	359,189	188,212	18,713	943,698	15,744	3,567	19,311	963,009
Depreciation	2,630	4,766	932	2,379	10,707	595	595	1,190	11,897
Total expense	\$ 522,959	\$ 483,316	\$ 201,011	\$ 34,764	\$ 1,242,050	\$ 147,202	\$ 58,608	\$ 205,809	\$ 1,447,859

RESTORE HOPE MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Changes in net assets	\$ 352,644	\$ (996)
<i>Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:</i>		
Depreciation	11,897	11,897
Net gain on beneficial interest in assets held by others	(29,608)	(40,225)
<i>Changes in operating assets and liabilities:</i>		
Pledges receivable	5,000	7,453
Accounts payable and accrued liabilities	10,384	1,045
<i>Net cash provided by (used in) operating activities</i>	<u>350,317</u>	<u>(20,826)</u>
Cash Flows from Investing Activities		
Purchase of certificates of deposit	(209,249)	(207,942)
Maturity of certificates of deposit	204,644	204,644
Sales proceeds from beneficial interest in assets held by others	13,262	13,611
Purchases of beneficial interest in assets held by others	(16,228)	(11,575)
<i>Net cash provided by (used in) investing activities</i>	<u>(7,571)</u>	<u>(1,262)</u>
Cash Flows from Financing Activities		
Proceeds from paycheck protection program loan	89,700	
<i>Net change in cash and cash equivalents</i>	<u>432,446</u>	<u>(22,088)</u>
Cash and cash equivalents, beginning of year, as restated for 2019	537,436	559,524
Cash and cash equivalents, end of year	<u><u>\$ 969,882</u></u>	<u><u>\$ 537,436</u></u>

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Operations

Established in 1978, Restore Hope Ministries, Inc. (“Restore Hope”) is a not-for-profit religious charity acting as an affiliate of the Oklahoma Conference of the United Methodist Church. Restore Hope endeavors to restore families in financial crisis to economic and spiritual vitality.

Restore Hope’s mission is focused in three areas of assistance:

Hunger Reduction

One in five children in the Tulsa, Oklahoma area experience food insecurity, meaning that during times of their lives they do not know when they will eat again. Through contributions from the public and other nonprofits, as well as purchased product, Restore Hope distributes nutritious groceries to help families fight hunger and put food on the table for themselves and their children.

Homeless Prevention

The Tulsa-area’s eviction rate ranks in the top twenty of metropolitan areas across the nation. Restore Hope’s Homeless Prevention Initiative provides rent assistance for individuals and families at risk of becoming homeless. Restore Hope offers rent assistance for families who can document a recent and unexpected loss of income and are facing eviction.

Hope Promotion

When a crisis strikes, more than just one’s physical well-being is impacted. The crisis itself can be emotionally damaging, but the fact that one must seek aid also affects one’s sense of worth. Restore Hope seeks to address these needs through chapel services (optional attendance), volunteer prayer counselors, and chapel staff.

During the reported years, Restore Hope delivered its services out of two facilities, both located within the city limits of Tulsa, Oklahoma. The main campus is a building and premises owned by Restore Hope, and a satellite facility is located at a site owned by a supportive church.

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The financial statements reflect the activities of Restore Hope as a whole and are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which requires the presentation of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions.

Descriptions of the two net asset categories and the types of transactions off-setting each category are as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations and are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The governing board has designated, from net assets without donor restrictions, net assets for board designated purposes. Board designated net assets are subject to self-imposed limits by action of the Board of Directors. Board designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of property and equipment, or other uses.

With donor restrictions – Net assets with donor restrictions are subject to donor-imposed restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Some donor-imposed restrictions are temporary in nature and may or will be met by expenditures or actions of Restore Hope, or by the passage of time. Restore Hope reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as released from restrictions.

Other donor-imposed restrictions are perpetual in nature and are limited by donor-imposed restrictions which stipulate those resources be maintained permanently but permit Restore Hope to expend the income generated in accordance with the provisions of the related agreements. See Note 9 for more information on the composition of net assets with donor restrictions.

Cash and cash equivalents

Cash and cash equivalents include cash and unrestricted highly liquid investments with original maturities less than 90 days. Typically, cash exceeds federally insured limits, but management believes any possible risk of loss is minimal.

Certificates of deposit

Certificates of deposit having maturities of more than three months when purchased are reported at cost plus accrued interest.

Contribution's receivable

Contributions, including unconditional promises to give, are recognized as revenue in the appropriate category of net assets in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received.

Management determines the allowance for doubtful accounts based on periodic assessment of outstanding pledges, particularly those pledges which are past due, as well as consideration of historical experience on collection of pledges. Contribution's receivable are written off when deemed uncollectible.

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Grants and contracts receivable

Grants and contracts receivable for cost reimbursable grants are recorded when related expenses have been incurred. All grants and contracts receivable are considered fully collectible; therefore, no provision for doubtful accounts has been made.

Beneficial interest in assets held by others

Restore Hope's beneficial interest in assets held by others are carried at estimated fair value as reported by the asset custodians. See Note 4 for a description of the fair value inputs and methodologies utilized. Investment gains and losses, including interest and dividend income, realized and unrealized capital gains and losses and various investment fees, are included in the statements of activities.

Property and equipment

Property and equipment are stated at purchased cost or estimated fair value at date of donation. Additions in excess of \$1,000 are capitalized, whereas the cost of repairs and maintenance are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from five to 39 years. Nonexpendable property purchased with federal financial assistance funds is recorded at cost and is considered to be owned by the organization while used in the program for which it was acquired, or in future programs. Property donated is recorded at fair value at the date of donation. All fixed asset contributions are considered available for the general programs of Restore Hope, unless specifically restricted by the donor.

Contributions, grants and revenue recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributed food is recognized as unrestricted support when received and as program expenses when distributed. Contract revenues under grants for reimbursement of expenditures are recognized as unrestricted revenues in the period in which the expenditures in compliance with the specific grant restrictions are incurred. Amounts received related to contracts before conditions have been satisfied are recorded as refundable advances. There were no refundable advances as of June 30, 2020 or June 30, 2019. Restore Hope received a conditional contribution via the paycheck protection program (PPP), in which the condition had not been met as of June 30, 2020. See Note 7 for more information on the PPP conditional contribution.

Restore Hope reports gifts of cash and other assets and unconditional promises to give as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Net assets that are not subject to donor-imposed restrictions are classified as net assets without donor restrictions.

Unconditional promises to give are recognized as contribution revenue in the period the promise to give is made by the donor and as assets, or decreases of liabilities or expense, depending on the form of the benefit received. Promises to give are recorded at the estimated net realizable value. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Donated services and in-kind contributions

Volunteers contribute significant amounts of time to Restore Hope's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Revenues from contributed goods amounted to \$285,970 and \$386,958 during the years ended June 30, 2020 and 2019, respectively.

Use of Facilities – During the years ended June 20, 2020 and 2019, Restore Hope was given the use of facilities owned by a supportive church. Both revenue and expense were recorded for an amount equivalent to a market value rent and utilities of \$35,800. Although, there is no binding agreement with the church, it has indicated that this space is available, unconditionally, through at least Restore Hope's fiscal year ended June 30, 2021.

Advertising costs

Advertising costs are expensed as incurred and were \$7,595 and \$6,072 during the years ended June 30, 2020 and 2019, respectively.

Allocation of functional expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and building depreciation which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance and other expenses which are allocated on the basis of estimates of time and effort. The percentage allocation is based on interviews with administrative personnel regarding time spent on various functions and is reviewed annually by management.

Income taxes

Restore Hope is organized as an Oklahoma nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). Restore Hope is qualified to receive deductible charitable contributions under Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3). Restore Hope is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Restore Hope is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Restore Hope has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Restore Hope believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. Restore Hope would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

Management has performed an evaluation of subsequent events through October 18, 2021, which is the date the financial statements were made available for issuance.

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Recent accounting pronouncements

Restore Hope adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or exchange transaction and provide additional guidance on determining whether a contribution is conditional or unconditional. Restore Hope adopted the new standard effective July 1, 2019, using the modified retrospective method. Adoption of this standard had no impact on total beginning net assets.

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update affect any entity that enters into a lease transaction. The primary change from this guidance is that the lessee should recognize the assets and liabilities that arise from all leases over 12 months in duration. For leases with durations less than 12 months, a lessee is permitted to make a policy election, by class of the underlying asset, not to recognize the related assets and liabilities. If this election is made, the lessees will recognize the lease expense on a straight-line basis over the lease term. ASU No. 2016-02 is effective for Restore Hope's year-end June 30, 2023. Earlier application is permitted. Restore Hope is currently evaluating the effect implementation of this standard will have on its financial statements.

Note 3 – Financial Assets and Liquidity Resources

Financial assets available for expenditure within one year of the statement of financial position date comprise the following:

	2020	2019
<i>Financial assets and year end:</i>		
Cash and cash equivalents	\$ 969,882	\$ 537,436
Certificates of deposits	209,249	204,644
Pledges Receivable	15,000	20,000
<i>Total financial assets available at year end:</i>	<u>1,194,131</u>	<u>762,080</u>
<i>Less: Amounts unavailable for expenditures within one year due to:</i>		
Accounts payable and accrued liabilities	34,694	24,310
Donor restricted by time or purpose	273,729	268,729
<i>Total amounts unavailable for expenditures within one year:</i>	<u>308,423</u>	<u>293,039</u>
<i>Total financial assets available to management for expenditure within one year</i>	<u>\$ 885,708</u>	<u>\$ 469,041</u>

Restore Hope regularly monitors liquidity required to meet its operating needs and other contractual commitments. Restore Hope depends on donations from individuals, foundations, corporations, and other non-profit entities, as well as grants, to fund its normal day-to-day operations. Donation levels vary in response to grant proposals and fundraising campaigns throughout the year.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, Restore Hope considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities, to be general expenditures. In addition to financial assets available to meet general expenditures over the next twelve months, Restore Hope operates within a budget that anticipates collecting sufficient revenues and grants to cover general expenditures.

The above analysis includes board designated net assets in total financial assets available to management for expenditure within one year. While management has designated these funds for specific expenditures, in the event of an urgent need, Restore Hope would have full access to spend these funds as desired.

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 4 – Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The quality and reliability of the information used to determine fair values is prioritized into three broad categories, with the highest priority given to Level 1 inputs and the lowest to Level 3 inputs. These inputs are summarized in three broad levels:

- Level 1 Quoted prices in active markets for identical assets or liabilities.

- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Beneficial interest in assets held by others are measured at fair value using Level 2 inputs. Since the Foundations maintain variance power for the beneficial interest it holds, there is no potential market for the Beneficial Interest or similar assets. Consequently, the valuation is determined by aggregating the valuation of the underlying investments of the Beneficial Interest. The underlying investments include cash equivalents, fixed income, equity funds and alternative investments securities. The fair values of the underlying investments are based on quoted prices from active and inactive markets.

Note 5 – Endowments

Restore Hope's endowment consists of a permanently restricted fund established by donors and certain net assets without restrictions designated for endowment by the Board of Directors. Net assets associated with endowment funds are classified and based on the existence or absence of donor-imposed restrictions.

Restore Hope has established endowment funds (the Funds) with the Tulsa Community Foundation (TCF) and Oklahoma United Methodist Foundation (OUMF) (collectively, the Foundations), Oklahoma nonprofit corporations and community foundations. The mutual intent of the Foundations is to create an endowment for the benefit of Restore Hope. The objective of the investment management and distribution policies is to provide for sufficient fund growth after distribution and investment expenses in order to preserve the inflation-adjusted value of the investment portfolio.

Investment management and spending policies are directed by the Foundations.

Restore Hope's contributions to the Funds are recorded at its proportionate reciprocal share of the fair value of the investments of the Foundations. The amount Restore Hope will ultimately realize could differ materially from the recorded amount, as significant fluctuations in market values could occur from year to year. In addition, the Foundations may receive contributions from third-party donors to be used by the Foundations to support the activities of Restore Hope, and the Foundation may also make its own contributions to the Funds it administers. Such investments of the Funds, totaling \$102,471 and \$104,578 as of June 30, 2020 and 2019, respectively, are not reflected as assets of Restore Hope.

In unusual circumstances of need or opportunity, Restore Hope may request a distribution of all or a portion of TCF upon two-thirds vote of Restore Hope's Board of Directors. TCF may grant the request if it concludes the distribution is neither unreasonable nor inconsistent with the charitable purposes of the Foundations; however, TCF has the ultimate unilateral authority over and control of all property in the Fund.

OUMF holds two permanent endowment funds for the benefit of Restore Hope. Both funds are permanently restricted as to their principal. Depending on donor stipulations, income is either distributed annually or is reinvested pending a written request from Restore Hope's Board of Directors to distribute a portion of the unrestricted funds. Reinvested income held by OUMF is categorized as funds without donor restrictions.

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 5 – Endowments (continued)

Restore Hope's Board of Directors has interpreted the Oklahoma 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, unless there are explicit donor stipulations to the contrary. At June 30, 2020 and 2019, there were no such stipulations. As a result of this interpretation, net assets with donor restrictions in perpetuity are classified as (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts), and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument the time the accumulation is added. The remaining portion of the endowment is classified as net assets without donor restrictions-board designated. Earnings on the Endowment are unrestricted as to usage. Restore Hope considers the following factors in making a determination to appropriate or accumulate donor-restricted Endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the organization
- The investment policies of Restore Hope

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are summarized as follows:

	Endowment Funds		
	Without Donor Restrictions	With Donor Restrictions	Total
<i>Endowments, June 30, 2018</i>	\$ 350,767	\$ 267,729	\$ 618,496
Investment return, net	38,223		38,223
Contributions			
<i>Endowments, June 30, 2019</i>	388,990	267,729	656,719
Investment return, net	27,601		27,601
Contributions		5,000	5,000
<i>Endowments, June 30, 2020</i>	\$ 416,591	\$ 272,729	\$ 689,320

Endowment funds include the following beneficial interests in assets held by others at June 30, 2020, and 2019:

	2020	2019
Tulsa Community Foundation	\$ 412,077	\$ 418,310
Oklahoma Methodist Foundation	277,243	238,409
<i>Beneficial interest in assets held by others</i>	\$ 689,320	\$ 656,719

Note 6 – Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

	2020	2019
Land	\$ 50,000	\$ 50,000
Building and improvements	567,756	567,756
	617,756	617,756
Less accumulated depreciation	(320,184)	(308,287)
<i>Property and equipment, net</i>	\$ 297,572	\$ 309,469

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 7 – Unrecognized Conditional Contribution (PPP)

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted in response to the COVID-19 pandemic. On May 7, 2020, Restore Hope received loan proceeds of \$89,700 from a bank, under the Paycheck Protection Program (PPP), which was established as part of the CARES Act.

PPP loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. On June 5, 2020, Congress enacted the PPP Flexibility Act (Flex Act), which gave borrowers more time to use the funds received, more time to repay amounts not forgiven, and lower limits on how the funds are required to be spent. Among other things, the Flex Act extends the covered period from eight to 24 weeks, beginning on the date of loan origination, to provide borrowers with options to maximize forgiveness.

As of June 30, 2020, Restore Hope had not yet met the requirements for forgiveness of the PPP loan. The PPP loan proceeds were accounted for in accordance with ASC Subtopic 958-605 as an unrecognized conditional contribution. Subsequent to year-end, Restore Hope met the requirements for forgiveness and applied for full forgiveness with the Small Business Administration (SBA). On February 12, 2021, Restore Hope received confirmation from the SBA that the total amount of the loan was forgiven. As Restore Hope is legally released from the liability, they will reduce the liability and recognize revenue in the statements of activities in 2021.

Note 8 – Board Designated Net Assets

The Board of Directors of Restore Hope has identified certain assets as unavailable to management discretion. As of June 30, 2020 and 2019 these assets are available for the following purposes or periods:

	2020	2019
<i>Time and purpose designations:</i>		
Building fund	\$ 8,589	\$ 8,589
Family sponsorship	54,900	48,332
Endowment funds, including accumulated earnings	416,591	388,990
Total board designated net assets	\$ 480,080	\$ 445,911

Note 9 – Donor Restricted Net Assets

Donor restricted net assets are restricted to the following at June 30, 2020 and 2019:

	2020	2019
<i>Subject to expenditure for specific program purpose:</i>		
Emergency aid - rent	\$ 104,181	\$ 45,550
Emergency aid - food	95,373	116,215
Thanksgiving - food baskets	1,635	8,267
School supplies	27,849	31,738
Asset building	1,000	1,000
Disaster relief	7,500	500
COVID-19	35,260	
Landlord-tenant relief	143,419	
	416,217	203,270
<i>Subject to the passage of time:</i>		
Pledge receivable	15,000	20,000
<i>Held in perpetuity:</i>		
Endowment funds	272,729	267,729
Total donor restricted net assets	\$ 703,946	\$ 490,999

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 10 – Retirement Plan

Restore Hope has adopted a retirement plan (the Plan) qualified under Section 403(b) of the Code. The Plan provides that eligible employees, as defined by the Plan, may voluntarily contribute to the Plan up to the maximum amount allowed by the Internal Revenue Service. Restore Hope provides a non-matching contribution of 2% of eligible employee compensation. Employer contribution expenses related to the Plan were \$18,117 and \$17,186 for the years ended June 30, 2020 and 2019, respectively.

Note 11 – Restatement to Net Assets

During the year ended June 30, 2019, Restore Hope identified errors in the June 30, 2018 issued financial statements relating to cash and cash equivalents, certificates of deposit, beneficial interest in assets held by others, pledges receivable, property and equipment, and accrued liabilities. Restore Hope had previously recognized certificates of deposit and beneficial interest as cash and cash equivalents, did not recognize as an asset the full amount of beneficial interest belonging to the Organization, did not properly recognize property and equipment, did not accrue for pledges receivable, and did not accrue for vacation pay earned but not taken as of June 30, 2018; therefore, Restore Hope's net assets were understated by approximately \$328,000. The combined impacts of the adjustments to the applicable line items in the audited financial statements are as follows:

	As Previously Reported	Adjustments	As Restated
Cash and cash equivalents	\$ 908,883	\$ (349,359)	\$ 559,524
Certificates of deposit		201,346	201,346
Beneficial interest in assets held by others		619,531	619,531
Pledges receivable		27,453	27,453
Property and equipment, net	471,901	(150,535)	321,366
Accrued liabilities	(3,151)	(20,114)	(23,265)
Net assets	(1,377,633)	(328,322)	(1,705,955)

Note 12 – Contingencies and Subsequent Events

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. As a result of COVID-19, Restore Hope has experienced an increase in contributions and governmental grants given the nature of their programs mentioned in Note 1. However, while the current impact has been positive, the long-term impact and duration cannot be reasonably estimated at this time.