



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

**For the Years Ended
JUNE 30, 2022 and 2021**

CONTENTS

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	4
Statement of Activities – June 30, 2022	5
Statement of Activities – June 30, 2021	6
Statement of Functional Expenses – June 30, 2022	7
Statement of Functional Expenses – June 30, 2021	8
Statements of Cash Flows	9
Notes to Financial Statements.....	10
Reports on Governmental and Other Regulatory Requirements	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	20
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	22
Summary Schedule of Findings and Questioned Costs	25
Findings, Questioned Costs and Recommendation.....	26
Schedule of Expenditures of Federal Awards	27
Notes to the Schedule of Expenditures of Federal Awards.....	28
Additional Reports Provided by Management	
Management's Response to Auditor's Findings	29
Corrective Action Plan	30

Independent Auditor's Report

Board of Directors of
Restore Hope Ministries, Inc.

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Restore Hope Ministries, Inc. as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Restore Hope Ministries, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS and Government 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 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 financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Restore Hope Ministries, 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 22, 2023 on our consideration of Restore Hope Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Restore Hope's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Restore Hope Inc's internal control over financial reporting and compliance.

Regier Carr & Monroe LLP

May 22, 2023
Tulsa, Oklahoma

RESTORE HOPE MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 4,065,580	\$ 6,908,988
Certificates of deposit	214,257	212,609
Pledges receivable	15,000	17,500
Federal Grants Receivable	1,165,222	
Other receivable	86,324	110,473
Beneficial interest in assets held by others	752,007	874,338
Prepaid expenses	14,562	8,162
Property and equipment, net	273,778	285,675
Total assets	\$ 6,586,730	\$ 8,417,745
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 169,862	\$ 166,164
Federal program advances	1,413,107	5,507,809
Note Payable	2,000,000	
<i>Total liabilities</i>	<i>3,582,969</i>	<i>5,673,973</i>
Net assets:		
<i>Without donor restrictions:</i>		
Undesignated	1,537,817	1,283,877
Board-designated	610,824	703,051
<i>Total net assets without donor restrictions</i>	<i>2,148,641</i>	<i>1,986,928</i>
With donor restrictions	855,120	756,844
Total net assets	3,003,761	2,743,772
Total liabilities and net assets	\$ 6,586,730	\$ 8,417,745

RESTORE HOPE MINISTRIES, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Contributions	\$ 692,896	\$ 232,828	\$ 925,724
Grants	49,482,186		49,482,186
United Methodist Church apportionment	54,214		54,214
In-kind contributions	213,843	105,872	319,715
Investment income (loss)	(141,248)		(141,248)
Net assets released from restrictions	240,424	(240,424)	
<i>Fundraising Events, net</i>			
Proceeds	38,675		38,675
Less direct costs	(17,751)		(17,751)
<i>Total Fundraising Events, net</i>	<u>20,924</u>		<u>20,924</u>
Total revenues, gains and other support	50,563,239	98,276	50,661,515
Expenses			
Program services	50,186,676		50,186,676
Supporting services expense:			
General and administrative	157,761		157,761
Fundraising and development	57,089		57,089
Total supporting services expense	<u>214,850</u>		<u>214,850</u>
Total expenses	50,401,526		50,401,526
Change in net assets	161,713	98,276	259,989
Net assets, beginning of year	1,986,928	756,844	2,743,772
Net assets, end of year	\$ 2,148,641	\$ 855,120	\$ 3,003,761

RESTORE HOPE MINISTRIES, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Contributions	\$ 1,042,800	\$ 1,764,077	\$ 2,806,877
Grants	7,590,822		7,590,822
United Methodist Church apportionment	84,391		84,391
In-kind contributions	198,894		198,894
Investment income (loss)	191,661		191,661
Net assets released from restrictions	1,711,179	(1,711,179)	
<i>Fundraising Events, net</i>			
Proceeds	29,648		29,648
Less direct costs	(14,545)		(14,545)
<i>Total Fundraising Events, net</i>	<u>15,103</u>		<u>15,103</u>
Total revenues, gains and other support	10,834,850	52,898	10,887,748
Expenses			
Program services	9,963,328		9,963,328
Supporting services expense:			
General and administrative	180,057		180,057
Fundraising and development	58,194		58,194
Total supporting services expense	<u>238,251</u>		<u>238,251</u>
Total expenses	10,201,579		10,201,579
Change in net assets	633,271	52,898	686,169
Net assets, beginning of year	1,353,657	703,946	2,057,603
Net assets, end of year	\$ 1,986,928	\$ 756,844	\$ 2,743,772

RESTORE HOPE MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2022

	Program Services					Supporting Services			Combined Total
	Homeless Prevention	Hunger Reduction	Hope Promotion	Other Assistance	Total	General and Administrative	Fundraising	Total	
Salary and wages	\$ 108,195	\$ 81,931	\$ 9,384	\$ 5,988	\$ 205,498	\$ 94,916	\$ 52,905	\$ 147,821	\$ 353,319
Payroll taxes and benefits	34,693	26,271	3,009	1,920	65,893	39,114	3,866	42,980	108,873
<i>Total payroll expenses</i>	142,888	108,202	12,393	7,908	271,391	134,030	56,771	190,801	462,192
Aid distributed to families	48,016,678	259,661		101,739	48,378,078				48,378,078
Chapel expenses									
Rent and utilities	5,732	10,317	5,044	1,834	22,926	1,307		1,307	24,233
Facility maintenance	1,005	1,808	884	321	4,018				4,018
Insurance						14,401		14,401	14,401
Office supplies and services	1,190,038	120,200	22,508	29,007	1,361,753	3,204	318	3,522	1,365,275
Technology and communications	96,462	28,939	11,024	1,378	137,803	3,629		3,629	141,432
Total before depreciation	49,309,915	420,925	39,459	134,279	49,904,578	22,541	318	22,859	49,927,437
Depreciation	2,677	4,818	2,356	857	10,707	1,190		1,190	11,897
Total expense	\$ 49,455,479	\$ 533,945	\$ 54,208	\$ 143,044	\$ 50,186,676	\$ 157,761	\$ 57,089	\$ 214,850	\$ 50,401,526

See accompanying notes to financial statements.

RESTORE HOPE MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2021

	Program Services					Supporting Services			Combined Total
	Homeless Prevention	Hunger Reduction	Hope Promotion	Other Assistance	Total	General and Administrative	Fundraising	Total	
Salary and wages	\$ 175,257	\$ 131,384	\$ 13,773	\$ 8,858	\$ 329,272	\$ 120,670	\$ 53,112	\$ 173,782	\$ 503,054
Payroll taxes and benefits	35,254	26,429	2,771	1,782	66,235	25,016	3,881	28,897	95,132
<i>Total payroll expenses</i>	210,511	157,813	16,544	10,640	395,507	145,686	56,993	202,679	598,186
Aid distributed to families	8,555,540	200,612		40,788	8,796,940				8,796,940
Chapel expenses									
Rent and utilities	9,088	16,358	7,997	2,908	36,351	1,986		1,986	38,337
Facility maintenance	2,826	5,086	2,486	904	11,302				11,302
Insurance						6,904		6,904	6,904
Office supplies and services	584,371	17,593	6,702	838	609,503	21,610	1,201	22,811	632,314
Technology and communications	72,113	21,634	8,241	1,030	103,018	2,681		2,681	105,699
Total before depreciation	9,223,938	261,283	25,426	46,468	9,557,114	33,181	1,201	34,382	9,591,496
Depreciation	2,677	4,818	2,356	857	10,707	1,190		1,190	11,897
Total expense	\$ 9,437,125	\$ 423,913	\$ 44,326	\$ 57,965	\$ 9,963,328	\$ 180,057	\$ 58,194	\$ 238,251	\$ 10,201,579

See accompanying notes to financial statements.

RESTORE HOPE MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Changes in net assets	\$ 259,989	\$ 686,169
<i>Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:</i>		
Depreciation	11,897	11,897
PPP loan forgiveness (contribution without donor restriction)		(89,700)
Net (gain)loss on beneficial interest in assets held by others	(48,363)	(166,697)
<i>Changes in operating assets and liabilities:</i>		
(Increase)/Decrease in Prepaid and Deposits	(1,400)	(8,162)
(Increase)/Decrease in Pledges receivable	(2,500)	(2,730)
(Increase)/Decrease in Other receivables	(1,141,073)	(109,269)
Increase/(Decrease) in Federal program advances	(4,094,702)	5,507,809
Increase/(Decrease) in Accounts payable and accrued liabilities	3,698	131,470
<i>Net cash provided by (used in) operating activities</i>	<u>(5,012,454)</u>	<u>5,960,787</u>
Cash Flows from Investing Activities		
Purchase of certificates of deposit	(1,648)	(3,360)
Sales proceeds from beneficial interest in assets held by others	170,694	110,924
Purchases of beneficial interest in assets held by others		<u>(129,245)</u>
<i>Net cash provided by (used in) investing activities</i>	<u>169,046</u>	<u>(21,681)</u>
Cash Flows from Financing Activities		
Loan Proceeds	<u>2,000,000</u>	
<i>Net change in cash and cash equivalents</i>	<u>(2,843,408)</u>	<u>5,939,106</u>
Cash and cash equivalents, beginning of year	6,908,988	969,882
Cash and cash equivalents, end of year	<u>\$ 4,065,580</u>	<u>\$ 6,908,988</u>

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

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.

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 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.

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Basis of presentation (continued)

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 the Donor Restricted Net Assets footnote 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.

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 the Fair Value Measurement footnote 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.

Asset Class

Buildings

Leasehold improvements

Useful Life

30-40 years

7 years

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

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 refundable advances as of June 30, 2022 and 2021 of \$1,413,107 and \$5,507,809, respectively.

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.

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 \$319,715 and \$198,894 during the years ended June 30, 2022 and 2021, respectively, as follows:

	2022
<i>Utilized in food assistance program</i>	
Food	\$ 195,634
Emergency Aid	17,560
Family Sponsorship	13
<i>Utilized in seasonal assistance program</i>	
School Supplies	81,155
Thanksgiving	7,157
Christmas	3,389
<i>Utilized in operations</i>	
Rent	14,820
Miscellaneous	(4,848)
<i>Utilized in fundraising operations</i>	
Golf Tournament	4,835
	<u>\$ 319,715</u>
In kind-Unrestricted	\$ 213,843
In Kind Temp restricted	105,872
	<u>\$ 319,715</u>

The organization does not monetize in-kind donations. The donor-imposed restrictions are based on the type of in-kind of donation, as well as seasonality.

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Donated services and in-kind contributions (Continued)

In relation to the fair value measurement in Topic 820, upon receipt of the initial donation, Restore Hope recognizes in-kind contribution revenue based on the Level 1 market value of the donated item (food, school supplies, etc). Refer to fair value measurement footnote on page 17 for more information.

Use of Facilities – During the years ended June 30, 2022 and 2021, 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 \$14,820 and \$29,779 for the years ended June 30, 2022 and 2021, respectively. Although, there is no binding agreement with the church, it has indicated that this space was available, unconditionally, until the new office space was made available in July 2022.

Advertising costs

Advertising costs are expensed as incurred and were \$7,986 and \$4,870 during the years ended June 30, 2022 and 2021, 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. The Organization has determined that the depreciable lives and estimated residual value of property and equipment, the allowance for uncollectible pledges receivable, and the determination of fair value of beneficial interests in assets held by others as significant estimates.

Concentrations and Credit Risk

The Organization receives federal agency grant funds through various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be material.

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Concentrations and Credit Risk (Continued)

The majority of the support received under the line item titled "Contributions" in the Statement of Activities is received directly or indirectly from donors that reside in the north eastern portion of the State of Oklahoma. In the event of a decline in economic conditions in this region, the support received under such line items could decline. The management of the Organization has acknowledged this risk and has endeavored to diversify funding sources for the Organization and has established a reserve fund for such circumstances.

The Organization maintains its cash balances at financial institutions located in Tulsa, Oklahoma. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At June 30, 2022 and 2021 the Organization's cash balances were approximately \$3,200,000 and \$5,900,000 in excess of the FDIC insured limits, respectively.

Subsequent events

Management has performed an evaluation of subsequent events through May 22, 2023, which is the date the financial statements were made available for issuance.

Recent accounting pronouncements

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.

On September 17, 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for contributed nonfinancial assets (Topic 958). The amendments in this update affect any entity that receives contributions of in-kind donations. The primary change from this guidance is separate line item presentation within the statement of activities, as well as increased disclosure requirements. ASU No. 2020-07 is effective for Restore Hope's year-end June 30, 2022. Restore Hope has implemented this standard within the current year financial statements.

Financial Assets and Liquidity Resources

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

	2022	2021
<i>Financial assets and year end:</i>		
Cash and cash equivalents	\$ 4,065,580	\$ 6,908,988
Certificates of deposits	214,257	212,609
Pledges Receivable	15,000	17,500
Federal Grant Receivables	1,165,222	
Other Receivables	86,324	110,473
<i>Total financial assets available at year end:</i>	5,546,383	7,249,570
<i>Less: Amounts unavailable for expenditures within one year due to:</i>		
Accounts payable and accrued liabilities	(169,862)	(166,164)
Donor restricted by purpose	(54,860)	(31,103)
<i>Total amounts unavailable for expenditures within one year:</i>	(224,722)	(197,267)
<i>Total financial assets available to management for expenditure within one year</i>	<i>\$ 5,771,105</i>	<i>\$ 7,446,837</i>

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.

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Financial Assets and Liquidity Resources (Continued)

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.

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 \$48,760 and \$138,351 as of June 30, 2022 and 2021, 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

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, 2022 and 2021, 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, 2022 and 2021 are summarized as follows:

	Endowment Funds		
	Without Donor Restrictions	With Donor Restrictions	Total
<i>Endowments, June 30, 2020</i>	\$ 416,591	\$ 272,729	\$ 689,320
Investment return, net	185,018		185,018
Contributions			
<i>Endowments, June 30, 2021</i>	601,609	272,729	874,338
Investment return, net	(122,331)		(122,331)
Contributions			
<i>Endowments, June 30, 2022</i>	\$ 479,278	\$ 272,729	\$ 752,007

Endowment funds include the following beneficial interests in assets held by others at June 30, 2022 and 2021:

	2022	2021
Tulsa Community Foundation	\$ 407,247	\$ 502,015
Oklahoma Methodist Foundation	344,760	372,323
<i>Beneficial interest in assets held by others</i>	\$ 752,007	\$ 874,338

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

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.

Property and Equipment

Property and equipment consist of the following at June 30, 2022 and 2021:

	2022	2021
Land	\$ 50,000	\$ 50,000
Building and improvements	567,756	567,756
	617,756	617,756
Less accumulated depreciation	(343,978)	(332,081)
<i>Property and equipment, net</i>	<u>\$ 273,778</u>	<u>\$ 285,675</u>

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 were forgivable after eight weeks as long as the borrower used 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.

During the year ended June 30, 2021, 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. Accordingly, the amount was recognized in the statement of activities as a contribution without donor restriction during the year ended June 30, 2021.

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Board Designated Net Assets

The Board of Directors of Restore Hope has identified certain assets as unavailable to management discretion. As of June 30, 2022 and 2021 these assets are available for the following purposes or periods:

	2022	2021
<i>Time and purpose designations:</i>		
Building fund	\$ 8,589	\$ 8,589
Family sponsorship	122,957	92,853
Endowment funds, including accumulated earnings	479,278	601,609
Total board designated net assets	\$ 610,824	\$ 703,051

Donor Restricted Net Assets

Donor restricted net assets are restricted to the following at June 30, 2022 and 2021:

	2022	2021
<i>Subject to expenditure for specific program purpose:</i>		
Emergency aid - rent	\$ 236,818	\$ 159,318
School supplies	56,401	25,056
Disaster relief		7,500
Asset building	1,000	1,000
Thanksgiving (food baskets/food)	17,903	10,776
Client Aid - food	154,599	146,779
Covid-19 Relief	46,809	54,671
Landlord/Tenant Relief (Schusterman Fdn)		31,412
Data Capacity	53,861	30,103
	567,391	466,615
<i>Subject to the passage of time:</i>		
Pledge receivable	15,000	17,500
<i>Held in perpetuity:</i>		
Endowment funds	272,729	272,729
Total donor restricted net assets	\$ 855,120	\$ 756,844

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 \$17,668 and \$18,240 for the years ended June 30, 2022 and 2021, respectively.

Contingencies and Subsequent Events

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 the Nature of Operations footnote. However, while the current impact has been positive, the long-term impact and duration cannot be reasonably estimated at this time.

RESTORE HOPE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

Note Payable

On May 6, 2022, Restore Hope obtained a loan from the Charles & Lynn Schusterman Family Foundation (“the Schusterman Foundation”) for \$2 million. The loan has a zero percent interest rate and is due in full on January 31, 2023. The loan does not require monthly payments and is not secured by collateral.

The imputed interest for the year ended June 30, 2022 was \$8,800. For the life of the loan the total imputed interest discount is \$39,600. No adjustment was made to the financials as the amount is immaterial. Refer to the communications letter for listing of passed adjustment entries.

Subsequent to year end June 30, 2022, on January 31, 2023 the Organization and the Schusterman Foundation agreed to extend the loan through December 20, 2023.

	<u>2022</u>	<u>2021</u>
Schusterman Family Foundation	<u>\$ 2,000,000</u>	<u>\$ -</u>
Maturities		
FYE June 30, 2023	\$ -	\$ -
FYE June 30, 2024	2,000,000	-
	<u>\$ 2,000,000</u>	<u>\$ -</u>

Reports on Governmental and Other Regulatory Requirements

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
Restore Hope Ministries, Inc.
Tulsa, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Restore Hope Ministries, Inc. ("the Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated May 22, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, noted as 2022-001, that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

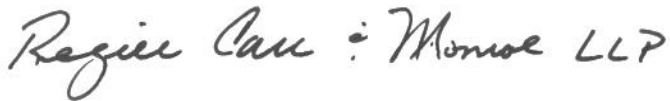
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tulsa, Oklahoma
May 22, 2023

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Restore Hope Ministries, Inc.
Tulsa, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Restore Hope Ministries, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Regier Carr & Monroe LLP

Tulsa, Oklahoma
May 22, 2023

RESTORE HOPE MINISTRIES, INC.
Summary Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 X Yes

 No

Significant deficiency(ies) identified?

 Yes

 X None reported

Noncompliance material to financial statements noted?

 Yes

 X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 Yes

 X No

Significant deficiency(ies) identified?

 Yes

 X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

 Yes

 X No

Major programs:

Assistance Listing Number(s)

21.023

Name of Federal Program or Cluster

Emergency Rental Assistance Program

Dollar threshold used to distinguish between type A and type B programs:

\$ 1,484,466

Auditee qualified as low-risk auditee?

 Yes

 X No

RESTORE HOPE MINISTRIES, INC.
Findings, Questioned Costs and Recommendation
For the Year Ended June 30, 2022

Corrective Actions Not Started or in Process

Finding 2022-001

Material Weakness

Criteria

Financial statements should be maintained in accordance with generally accepted accounting principles on a material basis.

Condition

We observed that material adjustments were necessary to facilitate the preparation of financial statements in accordance with generally accepted accounting principles. Management should consider additional review procedures to identify potential misstatements.

Context

Based upon the work performed on the SEFA schedule to verify revenues and expenditures of federal dollars, we noted a material journal entry of \$1.7 million dollars was necessary to properly reflect the amounts in accordance with GAAP and uniform guidance. Additionally, several smaller entries over the trivial threshold were identified through testing and required adjustment to be in accordance with GAAP.

Effect

Internal financial statements provided to management did not reflect the Organization's financial position and results of operations in all material respects.

Cause

The following items were not properly accounted for prior to closing the Organization's books:

- Federal grant income
- Contribution income
- Refundable advances
- Accrued expenses

Recommendations

We recommend management perform periodic reviews of these account balances to ensure their material accuracy.

View of Responsible Officials and Planned Corrective Action

Refer to Additional reports provided by Management section on page 30.

RESTORE HOPE MINISTRIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Sub recipients	Total Federal Expenditures
U.S. Department of the Treasury				
Passed through the State of Oklahoma:				
Emergency Rental Assistance Program	21.023	KYJUFT3L9K14	\$0	\$34,033,619
Coronavirus Relief Fund	21.019	KYJUFT3L9K14		46,181
Passed through Tulsa County:				
Emergency Rental Assistance Program	21.023	20210419		7,397,514
Passed through the City of Tulsa:				
Emergency Rental Assistance Program	21.023	2159FR0101		<u>7,787,566</u>
Total U.S. Department of the Treasury				<u>49,264,880</u>
U.S. Department of Housing and Urban Development				
Passed through Tulsa County:				
Community Development Block Grants/Entitlement Grants	14.218	20210235		200,807
U.S. Department of Homeland Security				
Passed through the Tulsa Area United Way:				
Emergency Food and Shelter National Board Program	97.024	37-7064-00, 38-7064-00, CARES-7064-00		16,499
Total Federal Awards			<u>\$0</u>	<u>\$49,482,186</u>

RESTORE HOPE MINISTRIES, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Basis of Presentation

The schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Restore Hope Ministries, Inc. under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Restore Hope Ministries, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Restore Hope Ministries, Inc.

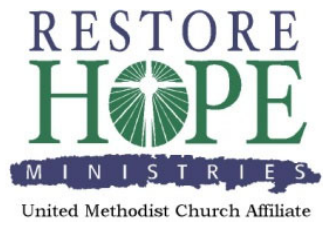
Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

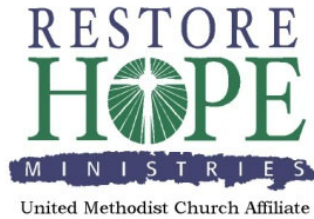
The Organization has elected to not utilize the 10.0% de Minimis indirect cost rate.

Additional Reports Provided by Management



Management's Response to Auditor's Findings

**Summary Schedule of Corrective Action Plan
June 30, 2022**



Corrective Action Plan

Finding 2022-01

Finding Summary: Financial statements did not materially reflect results of operations and financial position.

Responsible Individuals: Jeff Jaynes, Executive Director and Doug Beineman, Board Treasurer

Corrective Action Plan:

The material weakness that resulted in Finding 2022-01 was triggered by accrual entries that should have been made at year end specifically related to designated income and expenses. Going forward, monthly financials will be prepared according to a closing checklist to ensure that these and other accruals are evaluated on a monthly basis and booked where appropriate. Furthermore, the monthly financials will be presented for review to the Executive Director and Treasurer and made available to the Board at large.

Anticipated Completion Date:

June 30, 2023