



*Financial Statements With  
Independent Auditor's Report*

**For the Years Ended**  
June 30, 2023 and 2022

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## 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, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our 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, but not for the purpose of expressing an opinion on the effectiveness of Restore Hope Ministries, Inc.’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the 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 Expenditures 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 16, 2024 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.

**Emphasis of Matter**

As discussed in the notes to the financial statements, in the year ended June 30, 2023, Restore Hope Ministries, Inc. adopted FASB ASC 842, *Leases*.

*Regier Carr & Monroe LLP*

May 16, 2024  
Tulsa, Oklahoma

**Restore Hope Ministries, Inc.**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,137,696	\$ 4,065,580
Certificates of deposit	216,901	214,257
Promises to give	93,910	87,905
Federal grants receivable	164,414	1,165,222
Other receivable	0	85,254
Beneficial interest in assets held by others	747,983	680,172
Right of use asset	35,246	0
Prepaid expenses	24,188	14,562
Property and equipment, net	338,589	273,778
<b>Total assets</b>	<b>\$ 5,758,927</b>	<b>\$ 6,586,730</b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 144,484	\$ 169,862
Federal program advances	24,536	1,413,107
Lease Liability	35,246	0
Note Payable	2,000,000	2,000,000
<i>Total liabilities</i>	2,204,266	3,582,969
Net assets:		
<i>Without donor restrictions:</i>		
Undesignated	1,857,616	1,537,817
Board-designated	689,029	610,824
<i>Total net assets without donor restrictions</i>	2,546,645	2,148,641
With donor restrictions	1,008,016	855,120
Total net assets	3,554,661	3,003,761
<b>Total liabilities and net assets</b>	<b>\$ 5,758,927</b>	<b>\$ 6,586,730</b>

**Restore Hope Ministries, Inc.**  
**Statement of Activities**  
**For the Year ended June 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, gains and other support</b>			
Contributions	\$ 728,318	\$ 272,305	\$ 1,000,623
Grants	5,472,252		5,472,252
United Methodist Church apportionment	78,412		78,412
In-kind contributions	355,023	77,319	432,342
Investment income (loss)	75,792		75,792
Net assets released from restrictions	196,728	(196,728)	
<i>Fundraising Events, net</i>			
Proceeds	29,824		29,824
Less direct costs	(26,364)		(26,364)
<i>Total Fundraising Events, net</i>	<u>3,460</u>		<u>3,460</u>
<b>Total revenues, gains and other support</b>	<b>6,909,985</b>	<b>152,896</b>	<b>7,062,881</b>
<b>Expenses</b>			
Program services	6,234,234		6,234,234
Supporting services expense:			
General and administrative	226,205		226,205
Fundraising and development	51,542		51,542
Total supporting services expense	<u>277,747</u>		<u>277,747</u>
<b>Total expenses</b>	<b>6,511,981</b>		<b>6,511,981</b>
Change in net assets	398,004	152,896	550,900
Net assets, beginning of year (as restated)	<u>2,148,641</u>	<u>855,120</u>	<u>3,003,761</u>
<b>Net assets, end of year</b>	<b><u>\$ 2,546,645</u></b>	<b><u>\$ 1,008,016</u></b>	<b><u>\$ 3,554,661</u></b>

**Restore Hope Ministries, Inc.**  
**Statement of Activities**  
**For the Year ended June 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, gains and other support</b>			
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>
<b>Total revenues, gains and other support</b>	<b>50,563,239</b>	<b>98,276</b>	<b>50,661,515</b>
<b>Expenses</b>			
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>
<b>Total expenses</b>	<b>50,401,526</b>		<b>50,401,526</b>
Change in net assets	161,713	98,276	259,989
Net assets, beginning of year	<u>1,986,928</u>	<u>756,844</u>	<u>2,743,772</u>
<b>Net assets, end of year</b>	<b>\$ 2,148,641</b>	<b>\$ 855,120</b>	<b>\$ 3,003,761</b>

See accompanying notes to financial statements.



**Restore Hope Ministries, Inc.**  
**Statement of Functional Expenses**  
**For the Year ended June 30, 2023**

	<b>Program</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salary and wages	\$ 368,645	\$ 95,909	\$ 48,365	\$ 512,919
Payroll taxes and benefits	38,896	45,065		83,961
<i>Total payroll expenses</i>	407,541	140,974	48,365	596,880
Aid distributed to families	5,698,959			5,698,959
Rent and utilities	29,149	6,683		35,832
Facility maintenance	13,472			13,472
Insurance	16,875	1,918	384	19,177
Office supplies and services	22,902	58,552	1,204	82,658
Technology and communications	28,084	16,888	1,351	46,323
<i>Total before depreciation</i>	5,809,441	84,041	2,939	5,896,421
Depreciation	17,252	1,190	238	18,680
<b>Total</b>	<b>\$ 6,234,234</b>	<b>\$ 226,205</b>	<b>\$ 51,542</b>	<b>\$ 6,511,981</b>

See accompanying notes to financial statements.

**Restore Hope Ministries, Inc.**  
**Statement of Functional Expenses**  
**For the Year ended June 30, 2022**

	<b>Program</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salary and wages	\$ 713,909	\$ 94,916	\$ 52,905	\$ 861,730
Payroll taxes and benefits	65,893	39,114	3,866	108,873
<i>Total payroll expenses</i>	779,802	134,030	56,771	970,603
Aid distributed to families	48,378,078			48,378,078
Rent and utilities	22,480	1,307		23,787
Facility maintenance	4,464			4,464
Insurance		14,401		14,401
Office supplies and services	853,342	3,204	318	856,864
Technology and communications	137,803	3,629		141,432
<i>Total before depreciation</i>	49,396,167	22,541	318	49,419,026
Depreciation	10,707	1,190		11,897
<b>Total</b>	<b>\$ 50,186,676</b>	<b>\$ 157,761</b>	<b>\$ 57,089</b>	<b>\$ 50,401,526</b>

See accompanying notes to financial statements.

**Restore Hope Ministries, Inc.**  
**Statements of Cash Flows**  
**For the Years ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 550,900	\$ 259,989
<i>Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:</i>		
Depreciation	18,680	11,897
Net (gain)loss on beneficial interest in assets held by others	(40,134)	(48,363)
Amortization of right of use asset	18,108	
Payments on lease liability	(18,108)	
<i>Changes in operating assets and liabilities:</i>		
(Increase)/Decrease in Prepaid and Deposits	(9,626)	(1,400)
(Increase)/Decrease in Pledges receivable		(2,500)
(Increase)/Decrease in receivables	1,080,057	(1,141,073)
Increase/(Decrease) in Federal program advances	(1,388,571)	(4,094,702)
Increase/(Decrease) in Accounts payable and accrued liabilities	(25,378)	3,698
<i>Net cash provided by (used in) operating activities</i>	<u>185,928</u>	<u>(5,012,454)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of certificates of deposit	(2,644)	(1,648)
Reinvestment of Beneficial Interest Earnings	(27,677)	170,694
Purchase of Property and Equipment	(83,491)	
<i>Net cash provided by (used in) investing activities</i>	<u>(113,812)</u>	<u>169,046</u>
<b>Cash Flows from Financing Activities</b>		
Loan Proceeds		2,000,000
<i>Net change in cash and cash equivalents</i>	<u>72,116</u>	<u>(2,843,408)</u>
Cash and cash equivalents, beginning of year	4,065,580	6,908,988
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 4,137,696</b></u>	<u><b>\$ 4,065,580</b></u>

See accompanying notes to financial statements.

**Restore Hope Ministries**  
**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:

*1. 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.

*2. 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.

*3. 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 the following two classes of net assets:

**Net Assets 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.

**Net Assets 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.

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.

**Restore Hope Ministries**  
**Notes to Financial Statements**

**Summary of Significant Accounting Policies (continued)**

*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 Restore Hope 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.

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	30-40 years
Leasehold Improvements	7 years

*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, 2023 and 2022 of \$24,536 and \$1,413,107, respectively.

**Restore Hope Ministries**  
**Notes to Financial Statements**

**Summary of Significant Accounting Policies (continued)**

*Contributions, Grants and Revenue Recognition (continued)*

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 \$432,342 and \$319,715 during the years ended June 30, 2023 and 2022, respectively, as follows:

	<b>2023</b>	<b>2022</b>
<b><i>Utilized in food assistance program</i></b>		
Food	\$ 305,576	\$ 195,634
Emergency Aid		17,560
Family Sponsorship		13
<b><i>Utilized in seasonal assistance program</i></b>		
School Supplies	73,575	76,307
Thanksgiving	3,744	7,157
Christmas	1,138	3,389
<b><i>Utilized in operations</i></b>		
Rent	926	14,820
Zero-Interest Loan	39,600	
<b><i>Utilized in fundraising operations</i></b>		
Golf Tournament	7,783	4,835
	<b><u>\$ 432,342</u></b>	<b><u>\$ 319,715</u></b>
In kind-Unrestricted	\$ 355,023	\$ 213,843
In Kind Temp restricted	77,319	105,872
	<b><u>\$ 432,342</u></b>	<b><u>\$ 319,715</u></b>

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

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 16 for more information.

Use of Facilities – During the years ended June 30, 2023 and 2022, 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 \$926 and \$14,820 for the years ended June 30, 2023 and 2022, respectively.

*Advertising Costs*

Advertising costs are expensed as incurred and were \$14,180 and \$7,986 during the years ended June 30, 2023 and 2022, respectively.

**Restore Hope Ministries**  
**Notes to Financial Statements**

**Summary of Significant Accounting Policies (continued)**

*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. Restore Hope 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*

Restore Hope 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.

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 Restore Hope has acknowledged this risk and has endeavored to diversify funding sources for Restore Hope and has established a reserve fund for such circumstances.

Restore Hope 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, 2023 and 2022, Restore Hope's cash balances were approximately \$3,300,000 and \$3,200,000 in excess of the FDIC insured limits, respectively.

*Subsequent Events*

Management has performed an evaluation of subsequent events through May 16, 2024, which is the date the financial statements were made available for issuance.

**Restore Hope Ministries**  
**Notes to Financial Statements**

**Prior Year Presentation**

Certain accounts in the prior year financial statements have been reclassified to conform with the current year's presentation.

**Financial Assets and Liquidity Resources**

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

	<b>2023</b>	<b>2022</b>
<i>Financial assets at year end:</i>		
Cash and cash equivalents	\$ 4,137,696	\$ 4,065,580
Certificates of deposits	216,901	214,257
Promises to Give	93,910	87,905
Federal Grant Receivables	164,414	1,165,222
Other Receivables	0	85,254
<i>Total financial assets available at year end:</i>	4,612,921	5,618,218
 <i>Less: Amounts unavailable for expenditures within one year due to:</i>		
Accounts payable and accrued liabilities	(144,484)	(169,862)
Donor restricted by purpose	(327,590)	(327,589)
<i>Total amounts unavailable for expenditures within one year:</i>	(472,074)	(497,451)

**Total financial assets available to management  
for expenditure within one year**

**\$ 4,140,847   \$ 5,120,767**

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.

**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 Ministries**  
**Notes to Financial Statements**

**Endowments (Continued)**

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 \$141,541 and 132,917 as of June 30, 2023 and 2022, 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'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, 2023 and 2022, 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 Restore Hope 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 Restore Hope
- The investment policies of Restore Hope

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are summarized as follows:

	<b>Endowment Funds</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<i>Endowments, June 30, 2021</i>	\$ 536,586	\$ 272,729	\$ 809,315
Investment return, net	129,143		129,143
Contributions	-		-
<i>Endowments, June 30, 2022</i>	407,443	272,729	680,172
Investment return, net	(67,811)		(67,811)
Contributions			-
<i>Endowments, June 30, 2023</i>	<b>\$ 475,254</b>	<b>\$ 272,729</b>	<b>\$ 747,983</b>

**Restore Hope Ministries**  
**Notes to Financial Statements**

**Endowments (Continued)**

Endowment funds include the following beneficial interests in assets held by others at June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Tulsa Community Foundation	\$ 422,370	\$ 407,247
Oklahoma Methodist Foundation	325,613	272,925
<i>Beneficial interest in assets held by others</i>	<b>\$ 747,983</b>	<b>\$ 680,172</b>

**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, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Land	\$ 50,000	\$ 50,000
Building and improvements	651,247	567,756
	701,247	617,756
Less accumulated depreciation	(362,658)	(343,978)
<i>Property and equipment, net</i>	<b>\$ 338,589</b>	<b>\$ 273,778</b>

**Board Designated Net Assets**

The Board of Directors of Restore Hope has identified certain assets as unavailable to management discretion. As of June 30, 2023 and 2022 these assets are available for the following purposes or periods:

	<b>2023</b>	<b>2022</b>
<i>Time and purpose designations:</i>		
Building fund	\$ 2,342	\$ 8,589
Family sponsorship	133,516	122,957
Promises to give, Bishops Society	77,917	71,835
Endowment funds, including accumulated earnings	475,254	407,443
<i>Total board designated net assets</i>	<b>\$ 689,029</b>	<b>\$ 610,824</b>

**Restore Hope Ministries**  
**Notes to Financial Statements**

**Donor Restricted Net Assets**

Donor restricted net assets are restricted to the following at June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
<i>Subject to expenditure for specific program purpose:</i>		
Emergency aid - rent	\$ 418,023	\$ 236,818
School supplies	66,966	56,401
Asset building	1,000	1,000
Thanksgiving (food baskets/food)	11,737	17,903
Client Aid - food	148,181	154,599
Covid-19 Relief	20,519	46,810
Data Capacity	53,861	53,860
	720,287	567,391
<i>Subject to the passage of time:</i>		
Pledge receivable	15,000	15,000
<i>Held in perpetuity:</i>		
Endowment funds	272,729	272,729
<b>Total donor restricted net assets</b>	<b>\$ 1,008,016</b>	<b>\$ 855,120</b>

**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 \$18,182 and \$17,668 for the years ended June 30, 2023 and 2022, respectively.

**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 20, 2024. The imputed interest for the year ended June 30, 2023 was \$39,600.

On September 19, 2023, Restore Hope repaid \$1,000,000 and agreed with the Schusterman Foundation to extend the loan through December 20, 2024. The below summarizes the loan payable as of the year ended June 30, 2023:

	<b>2023</b>
Maturities:	
FYE June 30, 2024	\$ 1,000,000
FYE June 30, 2025	1,000,000
	<b>\$ 2,000,000</b>

**Operating Lease**

Effective July 1, 2022 (the “implementation date”), Restore Hope adopted new guidance intended to improve financial reporting for leases. A lease is defined as a party obtaining the right to use an asset legally owned by another party. Restore Hope determines if an arrangement is a lease at inception. For operating leases entered into prior to July 1, 2022, the Right-of-Use (“ROU”) assets and operating lease liabilities were recognized in the statement of financial position on the implementation date based on the present value of the remaining future minimum payments over the lease term from the implementation date. For leases entered into subsequent to July 1, 2022, the operating lease ROU asset and operating lease liabilities are based on the present value of minimum payments over the lease term at the commencement date of the lease.

Restore Hope uses discount rates to determine the present value of future lease payments. For leases for which the implicit rate cannot be determined, Restore Hope has made the policy election to use a risk-free rate as the discount rate for all leases, based on the U.S. Daily Treasury Par Yield Curve rates for various time periods that approximate the lease term. The lease terms used to calculate the ROU asset and lease liability may include options to extend or terminate when it is reasonably certain that Restore Hope will exercise that option.

**Restore Hope Ministries**  
**Notes to Financial Statements**

**Operating Lease (continued)**

Restore Hope has one facility lease for its programs and administrative offices. The original lease expires June 30, 2025.

Restore Hope's lease was negotiated with a third-party and does not contain a significant purchase or expansion option.

The following gives additional information about Restore Hope's operating lease for the year ended June 30, 2023:

<b>Lease Expense</b>	<b>Year Ending June 30, 2023</b>
Operating Lease Expense	\$ 18,108
<b>Total</b>	<b>\$ 18,108</b>

**Other Information**

Operating cash flows from operating leases	\$ 18,108
ROU assets obtained in exchange for new operating lease liabilities	\$ 52,131
Weighted-average remaining lease term in years for operating leases	2
Weighted-average discount rate for operating leases	2.85%

<b>Year Ending June 30,</b>	<b>Future Cash Flow</b>
2024	\$ 18,108
2025	18,108
<i>Total future lease payments</i>	36,216
Less: present value discount	(970)
<b>Total Lease Liabilities</b>	<b>\$ 35,246</b>

**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, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated May 16, 2024.

**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.

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 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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, noted as 2023-001, that we consider to be a material weakness.

**Report on Compliance and Other Matters**

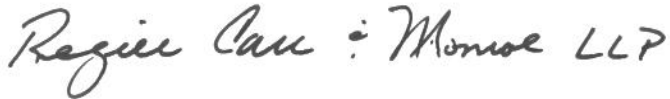
As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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* and which are described in the accompanying schedule of findings and questioned costs.

**Restore Hope Ministries, Inc.’s Response to Findings**

The Organization’s response to the findings identified in our audit is described in the accompanying schedule of corrective action plan. The Organization’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

A handwritten signature in black ink that reads "Regier Carr & Monroe LLP". The signature is written in a cursive, flowing style.

Tulsa, Oklahoma  
May 16, 2024

**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, 2023. 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, 2023.

**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 16, 2024

**Restore Hope Ministries, Inc.**  
**Summary Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>  X  </u>	Yes	<u>      </u>	No
Significant deficiency(ies) identified?	<u>      </u>	Yes	<u>  X  </u>	None reported

Noncompliance material to financial statements noted?

	<u>      </u>	Yes	<u>  X  </u>	No
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***Federal Awards***

Internal control over major programs:

Material weakness(es) identified?	<u>      </u>	Yes	<u>  X  </u>	No
Significant deficiency(ies) identified?	<u>      </u>	Yes	<u>  X  </u>	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)?

	<u>      </u>	Yes	<u>  X  </u>	No
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Major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.023	Emergency Rental Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?

	<u>      </u>	Yes	<u>  X  </u>	No
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**Restore Hope Ministries, Inc.**  
**Findings, Questioned Costs and Recommendation**  
**For the Year Ended June 30, 2023**

**Corrective Actions Not Started or in Process**

**Finding 2023-001**

Material Weakness

**Criteria**

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

**Condition**

We observed that material and immaterial adjustments that 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 financial statements, we noted federal grants receivable were overstated by \$1,686,000. This was due in part to the overstatement of federal program advances by \$1,845,000. Additionally, thirty-seven accounts were adjusted by immaterial amounts to properly present the statements of financial position and activities 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 related receivables
- Federal grant expenses related refundable advances

**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 29.

**Restore Hope Ministries, Inc.**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2023**

**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

**First Identified**

We first identified the material weakness in the year ended June 30, 2022.

**Status**

Based on audit work performed for the year ended June 30, 2023, the material weakness is deemed uncorrected and resulted in finding 2023-001 shown on the preceding **Findings, Questioned Costs, and Recommendation**.

**Partial Corrective Action Plan Taken**

The organization implemented monthly financial that were prepared with a closing checklist, as well as monthly reviews by Jeff Jaynes, Executive Director and Doug Beineman, Treasurer. Monthly financials were also made available to the board.

**Reason for Recurrence**

The reason for a similar internal control finding in the current audit period when compared to the previous period is primarily due to this being the first time operating with our annual controls and the Organization was still in the process of refining our updated closing review processes and this close was the first annual close that we used these processes. A large portion of the issue from this audit was from a handful of closing entries that were reversed incorrectly, a different issue arose from transactions to which a class had not been assigned in Quickbooks. Since that time and through the audit process we have continued to further develop and refine not only our closing processes but our review and control procedures on those processes as well, and we are confident that the changes that we have made will address the control deficiencies going forward.

**Restore Hope Ministries, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

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
<b>U.S. Department of the Treasury</b>				
Passed through the State of Oklahoma: Emergency Rental Assistance Program	21.023	KYJUFT3L9K14	\$0	\$1,140,807
Passed through Tulsa County: Emergency Rental Assistance Program	21.023	20210419		3,183,721
Passed through the City of Tulsa: Emergency Rental Assistance Program	21.023	2159FR0101		<u>961,074</u>
<b>Total U.S. Department of the Treasury</b>				<u>5,285,602</u>
<b>U.S. Department of Housing and Urban Development</b>				
Passed through Tulsa County: Community Development Block Grants/Entitlement Grants	14.218	20210235		110,286
<b>U.S. Department of Homeland Security</b>				
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		<u>67,655</u>
<b>Total Federal Awards</b>			<u><b>\$0</b></u>	<u><b>\$5,463,543</b></u>

**Restore Hope Ministries, Inc.**  
**Notes To The Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

**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, 2023. 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**

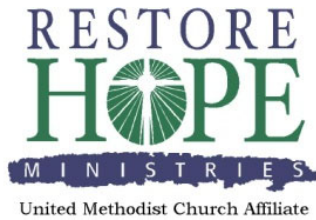
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**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, 2023**

#### **Corrective Action Plan**

##### **Finding 2023-01**

**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 2023-01 was triggered by accrual entries that should have been made at year end specifically related to designated income and expenses. Going forward, quarterly financials will be prepared according to a closing checklist to ensure that these and other accruals are evaluated on a regular basis and booked where appropriate. Furthermore, the quarterly financials will be presented for review to Jeff Jaynes, Executive Director and Doug Beineman, Treasurer and made available to the Board at large.

Additionally, the Executive Director, the Treasurer, and the accounting staff have instituted a monthly meeting to discuss any issues related to the financial records that may have arisen during the month.

##### **Anticipated Completion Date:**

January 1, 2024