



HOPE FOR THE DAY

Financial Statements

December 31, 2020

HOPE FOR THE DAY

Table of Contents

| | <u>Page</u> |
|-------------------------------------|-------------|
| Independent Auditor's Report | 1-2 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7-13 |

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
HOPE FOR THE DAY

Report on the Financial Statements

We have audited the accompanying financial statements of HOPE FOR THE DAY (the "Organization"), which comprise of the statement of financial position as of December 31, 2020, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Modified Opinion

In 2018, the Organization created a wholly owned subsidiary (Sip of Hope LLC), made an investment into Sip of Hope LLC of \$242,069 since, and has made the decision not to consolidate the results of operations into the Organization's financial statements. Accounting principles generally accepted in the United States of America require wholly owned subsidiaries to be consolidated into the Parent's financial statements. If the Organization consolidated the results of operations from Sip of Hope LLC an additional income (loss) of \$22,690 would have been reported as of December 31, 2020. Accordingly, assets would have been increased by \$233,018, liabilities and net assets would have been increased (reduced) by \$52,072 and \$180,946, as of and for the year ended December 31, 2020.

Modified Opinion

In our opinion, except for the effects of the matter described in the Basis for Modified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of HOPE FOR THE DAY as of December 31, 2020, and the results of its operations, cash flows and its functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Barnes, Givens & Barnes, Ltd.

Mount Prospect, Illinois
December 14, 2021

HOPE FOR THE DAY
Statement of Financial Position
December 31, 2020

ASSETS

| | |
|---------------------------|--------------|
| Assets | |
| Cash and cash equivalents | \$ 1,112,174 |
| Investment in Sip of Hope | 242,069 |
| Pledges receivable | 50,031 |
| Related party receivable | - |
| Prepaid expenses | 13,997 |
| | <hr/> |
| Total Assets | \$ 1,418,271 |
| | <hr/> <hr/> |

LIABILITIES AND NET ASSETS

| | |
|---|--------------|
| Liabilities | |
| Accounts payable | \$ 10,760 |
| Payroll liabilities | 5,592 |
| Deferred rent | 7,803 |
| Payroll protection plan loan payable | 107,200 |
| | <hr/> |
| Total Liabilities | 131,355 |
| | <hr/> |
| Net Assets | |
| Net assets without donor restrictions - | |
| Undesignated | 1,227,416 |
| Board designated | - |
| Total net assets without donor restrictions | 1,227,416 |
| Net assets with donor restrictions | 59,500 |
| | <hr/> |
| Total Net Assets | 1,286,916 |
| | <hr/> |
| Total Liabilities and Net Assets | \$ 1,418,271 |
| | <hr/> <hr/> |

See Accompanying Notes to Financial Statements

HOPE FOR THE DAY
Statement of Activities
For the Year Ended December 31, 2020

| | Without Donor Restrictions | With Donor Restricted | Total |
|--|-------------------------------|--------------------------|---------------------|
| Support and Revenues | | | |
| Public support- | | | |
| Contributions | \$ 864,839 | \$ 80,790 | \$ 945,629 |
| Contributions - in-kind | 47,960 | - | 47,960 |
| Tour revenue | 6,164 | - | 6,164 |
| Merchandise | 108,681 | - | 108,681 |
| Special events | - | - | - |
| Special event expense | - | - | - |
| Total public support | <u>1,027,644</u> | <u>80,790</u> | <u>1,108,434</u> |
| Programming | 241,723 | - | 241,723 |
| Net assets released from restrictions | <u>37,957</u> | <u>(37,957)</u> | <u>-</u> |
| Total Support and Revenues | <u>1,307,324</u> | <u>42,833</u> | <u>1,350,157</u> |
| Expenses | | | |
| Program | 723,122 | - | 723,122 |
| Management and general | 55,207 | - | 55,207 |
| Fundraising | <u>66,378</u> | <u>-</u> | <u>66,378</u> |
| Total Expenses | <u>844,707</u> | <u>-</u> | <u>844,707</u> |
| Change in Net Assets | 462,617 | 42,833 | 505,450 |
| Net Assets - Beginning of Year | <u>764,799</u> | <u>16,667</u> | <u>781,466</u> |
| Net Assets - End of Year | <u>\$ 1,227,416</u> | <u>\$ 59,500</u> | <u>\$ 1,286,916</u> |

See Accompanying Notes to Financial Statements

HOPE FOR THE DAY
Statement of Functional Expenses
For the Year Ended December 31, 2020

| | Program | Management and General | Fundraising | Total |
|-----------------------------------|-------------------|---------------------------|------------------|-------------------|
| Advertising and promotion | \$ 15,163 | \$ - | \$ 5,365 | \$ 20,528 |
| Grant expense | - | - | - | - |
| Insurance expense | 1,279 | 117 | 119 | 1,515 |
| Accounting expense | 6,382 | 582 | 592 | 7,556 |
| Legal expense | 48,951 | 4,465 | 4,544 | 57,960 |
| Merchandise | 75,718 | - | - | 75,718 |
| Management expenses | - | - | - | - |
| Information technology | 7,748 | - | 6,947 | 14,695 |
| Meals and travel expenses | 9,169 | 61 | 108 | 9,338 |
| Conference and meeting expense | - | 750 | - | 750 |
| Office expense | 5,354 | 5,372 | 223 | 10,949 |
| Payroll taxes | 21,255 | 2,094 | 2,323 | 25,672 |
| Occupancy expense | 23,993 | 2,189 | 2,227 | 28,409 |
| Salaries and wages | 433,867 | 39,577 | 40,272 | 513,716 |
| Fee for service expense | 24,554 | - | - | 24,554 |
| Support staff | - | - | - | - |
| Outreach expense | 49,114 | - | - | 49,114 |
| Warped tour | - | - | - | - |
| Partnership events | - | - | 3,658 | 3,658 |
| Other | 575 | - | - | 575 |
| Total Expenses | \$ 723,122 | \$ 55,207 | \$ 66,378 | \$ 844,707 |

See Accompanying Notes to Financial Statements

HOPE FOR THE DAY
Statement of Cash Flows
For the Year Ended December 31, 2020

| | |
|--|--------------|
| Cash Flows from Operating Activities | |
| Change in net assets | \$ 505,450 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities- | |
| (Increase) decrease in assets- | |
| Pledges receivable | (12,802) |
| Related party receivable | 14,156 |
| Prepaid expenses | (1,580) |
| Increase (decrease) in liabilities- | |
| Accounts payable | (26,392) |
| Payroll liabilities | 1,914 |
| Deferred rent | (1,867) |
| | 478,879 |
| Cash Flows from Investing Activities | |
| Purchase of investments | (97,069) |
| Proceeds from sale of investments | - |
| | (97,069) |
| Cash Flows from Financing Activities | |
| Proceeds from payroll protection plan loan | 107,200 |
| | 107,200 |
| Net Increase in Cash and Cash Equivalents | 489,010 |
| Cash and Cash Equivalents- Beginning of Year | 623,164 |
| Cash and Cash Equivalents - End of Year | \$ 1,112,174 |

* * * * *

Supplemental Disclosure of Cash Flow Information -

Cash paid during the year for:

| | |
|--------------|------|
| Income taxes | \$ - |
| Interest | \$ - |

See Accompanying Notes to Financial Statements

HOPE FOR THE DAY
Notes to the Financial Statements
December 31, 2020

Note A – Organization and Nature of Activities

HOPE FOR THE DAY (the “Organization”), an Illinois non-profit organization, achieves proactive suicide prevention by providing outreach and mental health education through self-expression platforms.

Suicide is a preventable mental health crisis. The biggest obstacle to effective prevention is the silence caused by stigma. The Organization seeks to reduce suicide rates by raising the visibility of resources for support and providing mental health education. Its programs equip and empower a grassroots movement of peer-to-peer prevention and help to evolve social norms and institutional policies.

On January 2, 2018, the Organization transferred \$125,000 to Sip of Hope LLC to commence operations. Sip of Hope LLC is a wholly owned subsidiary of the Organization which operates a coffee shop in Chicago to raise awareness and advance the Organization in accordance to its mission. During 2019, the Organization transferred an additional \$20,000 to Sip of Hope to fund operations for a total investment of \$145,000. During 2020, the Organization transferred an additional \$97,069 to Sip of Hope to fund operations for a total investment of \$242,069.

On June 5, 2018, the Organization was named as Trustee and Beneficiary for the Amy Wang HFTD Endowment Trust (the “Trust”). The Trust held one primary asset, Hope House, which was a property located in Hilbert, WI used as rental property attributable to the Trust. In December of 2020, and in line with the trust document, the property was sold resulting in a one-time and final distribution to Hope For The Day in the amount of \$311,601 net of closing costs and other operating expenses.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and activities and the related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

HOPE FOR THE DAY
Notes to the Financial Statements
December 31, 2020

Note B – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash equivalents are considered to be highly liquid depository accounts with a maturity of less than one year. Deposits held in all non-interest bearing transactional bank accounts and interest-bearing accounts are aggregated by entity and are fully insured up to \$250,000.

Receivables and Allowance for Doubtful Accounts

Receivables are uncollateralized customer obligations. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance or, if unspecified, investigated to identify the appropriate invoice to which to apply the payment.

Management reviews all individual customer accounts receivable balances that exceed ninety (90) days from invoice date and based on the assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Based upon these reviews, management believed all accounts receivable to be fully collectible and, accordingly, no allowance for uncollectible accounts receivable is reflected in the accompanying financial statements.

Investments

The Organization's investment in Sip of Hope LLC is valued at cost, the value of the investment at December 31, 2020 is \$242,069.

Revenue Recognition

Contributions, including unconditional promises to give, are reported at fair value when received. All contributions are available for unrestricted use unless explicit donor stipulations specify how or when the contributions may be used. Unconditional promises to give due in subsequent years are reported at the present value of the estimated future cash flows, using risk-adjusted interest rates applicable to those years in which the promises are to be received. Contributions that are subject to donor-imposed restrictions that are met in the same year as the contributions are made are recognized and reported as unrestricted support and included in changes in unrestricted net assets.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

HOPE FOR THE DAY
Notes to the Financial Statements
December 31, 2020

Note B – Summary of Significant Accounting Policies (continued)

Net Assets (continued)

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. If the governing board were to designate from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, those funds would also fall under this category.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

In the Statement of Functional Expenses, all expenses are allocated to the appropriate programs and supporting services on the basis of actual expense. Certain expenses that are joint among all programs are allocated evenly across all of the programs.

New Accounting Standards

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU No. 2016-02, as amended by ASU No. 2019-10, is effective for nonpublic entities for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU No. 2018-11, Leases (Topic 842): Targeted Improvements, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Management is currently assessing the impact of this new standard.

HOPE FOR THE DAY
Notes to the Financial Statements
December 31, 2020

Note B – Summary of Significant Accounting Policies (continued)

COVID-19 Impact

Management has evaluated the impact of the COVID-19 pandemic and have concluded that the net effect on the Organization's financial position, results of its operations and cash flows wasn't significantly adversely affected. The Organization's management has been and will continue to monitor the situation and implement certain changes in its operations and upcoming events in order to mitigate the impact of this pandemic. While this disruption is currently expected to be temporary, there is considerable amount of uncertainty around its duration, and the full financial impact cannot be reasonably estimated at this time. Overall, Management considers the donor base to be strong and dedicated, which allowed the Organization to adapt and manage through the COVID-19 pandemic.

Note C - Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization files Form 990, Return of Organization Exempt from Income Tax with the Federal government. The Organization also files Form AG990-IL, Illinois Charitable Organization Annual Report with the Attorney General of the State of Illinois. Management has determined that the Organization has no income tax liability as of December 31, 2020. The Organization has evaluated its tax positions and determined it has no uncertain tax positions at December 31, 2020. The Organization's 2018-2020 tax years are open for examination by the IRS and State of Illinois. Should the Organization's tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS.

HOPE FOR THE DAY
Notes to the Financial Statements
December 31, 2020

Note D – Contributed Goods and Services

The Organization received the following goods and services for the year ended December 31, 2020 which is included in in-kind revenue in the statement of activities.

| | 2020 |
|--------------------------------------|-----------|
| Legal | \$ 47,960 |
| Total Contributed Goods and Services | \$ 47,960 |

The Organization received contributions of goods and services for programmatic use throughout the year. The vendor usually provides the value of the contributions, but when not provided, the Organization estimates a value based on comparable services received or selling prices of goods.

Note E - Net Assets with Donor Restrictions

The following summary sets for the activity in net assets with donor restrictions for the year ended December 31, 2020:

| | Jan 1, 2020 | Increase | Decrease | Dec 31, 2020 |
|-------------------------|-------------|-----------|-----------|--------------|
| Community Memorial Fdn. | \$ 16,667 | \$ 30,790 | \$ 36,207 | \$ 11,250 |
| Boeing | - | 50,000 | 1,750 | 48,250 |
| Total | \$ 16,667 | \$ 80,790 | \$ 37,957 | \$ 59,500 |

Note F—Leases

The Organization currently leases office space under a five-year lease expiring on November 30, 2023. The monthly rent is \$2,318 with a one and a half percent annual increase.

Future minimum lease payments including anticipated operating expense charges for the operating lease are as follows:

| | |
|-------|-----------|
| 2021 | \$ 27,851 |
| 2022 | 28,269 |
| 2023 | 26,268 |
| Total | \$ 82,388 |

HOPE FOR THE DAY
Notes to the Financial Statements
December 31, 2020

Note G— Paycheck Protection Program Loan

On May 5, 2020, the Organization was granted a loan from Fifth Third Bank in the aggregate amount of \$107,200, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan, which was in the form of a Note dated May 5, 2020 issued by the Fifth Third Bank, matures on May 5, 2022 and bears interest at a rate of 1.0% per annum, payable monthly commencing on December 5, 2021. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

Note H—Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts with donor-imposed purpose and time restrictions.

| | |
|--|-------------------------|
| Financial assets, at year-end: | |
| Cash and cash equivalents | \$ 1,112,174 |
| Pledges receivable | 50,031 |
| Less contractual or donor-imposed restrictions: | |
| Board designated for specific purposes | - |
| Donor restrictions for specific purposes | <u>(59,500)</u> |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 1,102,705</u> |

Note I – Donated Services

Other than the amounts noted in Note D, there have been no amounts that have been reflected in the financial statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization’s program and support service.

HOPE FOR THE DAY
Notes to the Financial Statements
December 31, 2020

Note J – Concentration of Custodial Risk

Financial instruments that potentially subject the Organization to concentration of custodial risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At December 31, 2020, the Organization had \$855,291 in excess of the FDIC insured limit.

Note K – Subsequent Events

The Organization’s operations may be affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in disruption to the Organization’s members and revenue streams (including attendance of future conferences and events).

Other than the matters noted above, the Organization has determined that no material events or transactions occurred subsequent to December 31, 2020 and through the date of the independent auditor’s report, the date the financial statements were available for issuance, that would require adjustments to and/or additional disclosure to the financial statements.

