

PROJECT HOPE FOOD BANK INC

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

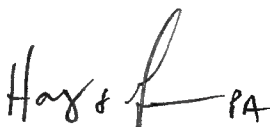
The Board of Directors  
Project Hope Food Bank Inc  
Hot Springs, Arkansas

We have audited the accompanying financial statements of Project Hope Food Bank, Inc., which comprise the balance sheet as of December 31, 2016, and the related statements of revenues, expenses and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project Hope Food Bank, Inc. as of December 31, 2016, and the change in owners' equity for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules are presented for purposes of further analysis and are not a required part of the basic financial statements. Such supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

  
Harvey & Garner PA  
June 28, 2017

PROJECT HOPE FOOD BANK INC  
BALANCE SHEET  
DECEMBER 31, 2016

EXHIBIT "A"

ASSETS

	<u>2016</u>
CURRENT ASSETS	
Cash and Equivalents	\$ 97,407
Inventories of Food	<u>70,655</u>
TOTAL CURRENT ASSETS	168,062
CAPITAL ASSETS	
Furniture and Fixtures	147,347
Less Accumulated Depreciation	<u>(118,265)</u>
TOTAL CAPITAL ASSETS	<u>29,082</u>
TOTAL ASSETS	<u><u>\$ 197,144</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable	\$ -
NET ASSETS	
Unrestricted Net Assets	<u>197,144</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 197,144</u></u>

PROJECT HOPE FOOD BANK INC  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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EXHIBIT "B"

	<u>2016</u>
OPERATING REVENUES	
Donations	\$ 195,370
Food Distribution	476,260
Grants	84,412
Membership Dues	<u>3,475</u>
TOTAL OPERATING REVENUES	759,517
OPERATING EXPENSES	
Purchased Food	679,774
Other Operating Expenses (Schedule No. 1)	<u>49,776</u>
TOTAL OPERATING EXPENSES	729,550
OTHER INCOME	
Interest Income	<u>50</u>
CHANGE IN NET ASSETS	30,017
NET ASSETS AT BEGINNING OF PERIOD	<u>167,127</u>
NET ASSETS AT END OF PERIOD	<u><u>\$ 197,144</u></u>

PROJECT HOPE FOOD BANK INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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EXHIBIT "C"

	<u>2016</u>
CASH FLOWS USED IN OPERATING ACTIVITIES	
Change in Fund Balance	\$ 30,017
Add (Deduct) Items to Reconcile Cash:	
Depreciation	11,019
(Increase) Decrease in Inventories	<u>(16,570)</u>
NET CASH FLOWS FROM (USED) IN OPERATING ACTIVITIES	24,466
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchase of Equipment	<u>(14,762)</u>
NET (DECREASE) INCREASE IN CASH	9,704
CASH AT BEGINNING OF THE PERIOD	<u>87,703</u>
CASH AT END OF THE PERIOD	<u><u>\$ 97,407</u></u>

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Project Hope Food Bank Inc was incorporated as a 501( c ) 3 in Garland County, Arkansas in 2009. The purpose of formation was to provide affordable and healthy food to food pantries and feeding programs that service those at risk of hunger in west central Arkansas. The corporation is managed by a board of directors.

Basis of Accounting - The financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities, if any. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the board to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventories - The Corporation maintains inventories of food. The inventories are valued at the lower of cost or market using the first-in first-out method.

Capital Assets and Depreciation - Furniture and equipment are valued at acquisition cost. New additions and improvements which extend the lives of existing assets are capitalized at cost. Retirements are removed from valuations based on original cost. Depreciation is computed using the straight line method over the estimated useful life of the related asset. Estimated useful lives of furniture and equipment range from 5 to 10 years.

Depreciation for the current year totalled \$11,019.

Subsequent Events - The Subsequent Events Topic of the FASB Accounting Standards Codification establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The board has evaluated all subsequent events for potential recognition and disclosure through June 28, 2017, the date these financial statements were available to be issued.

PROJECT HOPE FOOD BANK INC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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NOTE 2: CASH AND EQUIVALENTS

For purposes of the statement of cash flows, cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash approximates fair value because of the short maturities of those financial instruments. The cash and cash equivalents is the only asset the board holds subject to SFAS 157, *Fair Value Measurement*. All cash deposits are insured under FDIC limits.

NOTE 3: INCOME TAXES

In accordance with the Accounting for Income Taxes Topic of the ASC, the corporation recognizes accrued interest and penalties associated with uncertain tax positions as part of their income tax provision, if any. The past three years of federal & state income tax returns as well as the current year provision are subject to potential examination by taxing authorities.

The board files annual tax reports under Form 990. There is currently no known liabilities.



**SUPPLEMENTAL SCHEDULES**

PROJECT HOPE FOOD BANK INC  
SCHEDULE OF OPERATING EXPENSES  
FOR THE PERIOD ENDED DECEMBER 31, 2016

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SCHEDULE NO. 1

	<u>2016</u>
OPERATING EXPENSES:	
Depreciation Expense	11,019
Dues and Subscriptions	1,427
Independent Contractors	12,994
Insurance	4,631
Legal and Professional	1,540
Office Expense	7,540
Other Taxes	834
Repairs and Maintenance	8,801
Travel	990
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TOTAL OPERATING EXPENSES	<u>\$ 49,776</u>