

NEW HOPE MINISTRIES, INC.

FINANCIAL REPORT

JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Hope Ministries, Inc.
Dillsburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of New Hope Ministries, Inc., (a not-for-profit) which comprise the statements of financial position as of June 30, 2014 and 2013, the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hope Ministries, Inc., as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Boyer & Ritter". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
October 1, 2014

NEW HOPE MINISTRIES, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013

ASSETS	2014	2013
Current Assets		
Cash and cash equivalents	\$ 516,289	\$ 356,474
Accounts receivable	-	1,080
Pledges receivable - United Way	166,750	165,750
Inventory		
Food and gift cards	345,437	358,940
Other	23,205	23,205
Prepaid expenses	32,973	46,746
Total current assets	1,084,654	952,195
Fixed Assets		
Land	205,000	205,000
Buildings	1,365,895	1,365,895
Furniture and fixtures	185,711	166,978
Vehicles	173,287	119,819
Computer software	20,548	20,548
Construction-in-progress	539,371	-
	2,489,812	1,878,240
Less accumulated depreciation	(364,176)	(283,746)
	2,125,636	1,594,494
Investments		
Long-term investments	486,846	336,110
Restricted cash	16,878	121,999
Total investments	503,724	458,109
	\$ 3,714,014	\$ 3,004,798
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 58,428	\$ 35,251
Accrued liability for compensated absences	9,357	11,066
Total current liabilities	67,785	46,317
Net Assets		
Unrestricted	2,926,128	2,306,417
Board designated	326,180	199,662
Total unrestricted net assets	3,252,308	2,506,079
Temporarily restricted	393,921	452,402
Total net assets	3,646,229	2,958,481
	\$ 3,714,014	\$ 3,004,798

See Notes to Financial Statements.

NEW HOPE MINISTRIES, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Contributions	\$ 1,166,734	\$ 130,822	\$ 1,297,556
Grants and allocations	295,548	616,750	912,298
Noncash support	3,299,291	-	3,299,291
Fundraising receipts	125,295	-	125,295
Interest and dividend income	9,012	4,990	14,002
Energy assistance	16,895	-	16,895
Realized loss on investment	10,546	10,040	20,586
Unrealized gain on investment	32,193	23,253	55,446
Net assets released from restrictions	844,336	(844,336)	-
Total revenues and other support	5,799,850	(58,481)	5,741,369
Expenses and Losses			
Program services	4,581,157	-	4,581,157
Management and general	171,544	-	171,544
Fundraising	300,920	-	300,920
Total expenses and losses	5,053,621	-	5,053,621
Changes in net assets	746,229	(58,481)	687,748
Net Assets - July 1, 2013	2,506,079	452,402	2,958,481
Net Assets - June 30, 2014	\$ 3,252,308	\$ 393,921	\$ 3,646,229

See Notes to Financial Statements.

NEW HOPE MINISTRIES, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support				
Contributions	\$ 924,206	\$ 193,464	\$ -	\$ 1,117,670
Grants and allocations	421,583	165,750	-	587,333
Noncash support	2,593,137	-	-	2,593,137
Fundraising receipts	128,736	-	-	128,736
Interest and dividend income	3,341	222	-	3,563
Energy assistance	11,645	-	-	11,645
Realized loss on investment	(654)	(485)	-	(1,139)
Unrealized gain on investment	2,819	1,243	-	4,062
Net assets released from restrictions	279,229	(279,229)	-	-
Total revenues and other support	4,364,042	80,965	-	4,445,007
Expenses and Losses				
Program services	3,383,362	-	-	3,383,362
Management and general	153,607	-	-	153,607
Fundraising	298,477	-	-	298,477
Total expenses and losses	3,835,446	-	-	3,835,446
Changes in net assets	528,596	80,965	-	609,561
Net Assets:				
Net Assets - July 1, 2012				
as previously reported	1,977,483	305,148	66,289	2,348,920
Prior period adjustment (see Note 10)	-	66,289	(66,289)	-
Net Assets - July 1, 2012 restated	1,977,483	371,437	-	2,348,920
Net Assets - June 30, 2013	\$ 2,506,079	\$ 452,402	\$ -	\$ 2,958,481

See Notes to Financial Statements.

NEW HOPE MINISTRIES, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Changes in net assets	\$ 687,748	\$ 609,561
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	80,430	65,544
Realized gain (loss) on sale of investments	20,586	(1,139)
Unrealized gain on value of investments	55,446	4,062
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	1,080	992
Pledges receivable	(1,000)	(88,827)
Inventory	13,503	(257,948)
Prepaid expenses	13,773	(18,231)
(Decrease) increase in:		
Accounts payable and accrued expenses	23,177	(30,274)
Accrued liability for compensated absences	(1,709)	(11,743)
Net cash provided by operating activities	893,034	271,997
Cash Flows From Investing Activities		
Proceeds from sale of investments	192,545	4,715
Purchase of investments	(314,192)	(465,747)
Purchase of equipment	(611,572)	(240,137)
Net cash used in operating activities	(733,219)	(701,169)
Net increase (decrease) in cash and cash equivalents	159,815	(429,172)
Cash and Cash Equivalents:		
Beginning	356,474	785,646
Ending	\$ 516,289	\$ 356,474

See Notes to Financial Statements.

NEW HOPE MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Functional Expenses				
Salaries	\$ 503,009	\$ 82,347	\$ 123,308	\$ 708,664
Employee benefits	88,501	14,489	21,695	124,685
Retirement	7,163	1,172	1,756	10,091
Payroll taxes	48,041	7,865	11,777	67,683
Education and training	2,314	382	569	3,265
Equipment purchases	910	149	223	1,282
Fundraising	-	-	19,866	19,866
Insurance	20,670	3,384	5,068	29,122
Internet support	13,212	2,163	3,239	18,614
Investment fees	6,365	1,042	1,562	8,969
License and registration fees	9,899	1,620	2,425	13,944
Miscellaneous	14,061	2,302	3,447	19,810
Postage and freight	5,377	880	1,318	7,575
Professional fees	8,838	22,981	3,536	35,355
Public relations and promotion	-	-	55,061	55,061
Rent	32,080	5,252	7,864	45,196
Repairs and maintenance	19,485	3,190	4,777	27,452
Supplies	16,230	2,657	3,979	22,866
Telephone	13,676	2,240	3,352	19,268
Travel	26,583	4,352	6,517	37,452
Utilities	19,026	3,115	4,664	26,805
Volunteer appreciation	3,760	616	922	5,298
Depreciation	57,089	9,346	13,995	80,430
Property tax	670	-	-	670
Children's programs	2,558	-	-	2,558
Client and program resources	733	-	-	733
Scholarships and tuition assistance	51,074	-	-	51,074
Stability	29,035	-	-	29,035
Food assistance	76,177	-	-	76,177
Vehicle fuel assistance	3,877	-	-	3,877
Housing/rental assistance	88,654	-	-	88,654
Medical assistance	2,510	-	-	2,510
Utility assistance	70,124	-	-	70,124
Transportation assistance	26,662	-	-	26,662
Noncash assistance	3,312,794	-	-	3,312,794
Total expenses	\$ 4,581,157	\$ 171,544	\$ 300,920	\$ 5,053,621

See Notes to Financial Statements.

NEW HOPE MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2013

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Functional Expenses				
Salaries	\$ 453,291	\$ 74,208	\$ 111,120	\$ 638,619
Employee benefits	64,124	10,498	15,719	90,341
Retirement	7,417	1,214	1,818	10,449
Payroll taxes	45,090	7,382	11,053	63,525
Education and training	236	39	58	333
Equipment purchases	3,043	498	746	4,287
Fundraising	-	-	16,908	16,908
Insurance	15,956	2,612	3,912	22,480
Internet support	8,675	1,420	2,127	12,222
Investment fees	1,454	238	357	2,049
License and registration fees	6,362	1,041	1,559	8,962
Miscellaneous	17,899	2,930	4,388	25,217
Postage and freight	4,758	779	1,166	6,703
Professional fees	8,112	21,093	3,245	32,450
Public relations and promotion	-	-	79,896	79,896
Rent	25,879	4,237	6,344	36,460
Repairs and maintenance	11,825	1,936	2,899	16,660
Supplies	30,900	5,059	7,575	43,534
Telephone	5,984	980	1,467	8,431
Travel	30,683	5,023	7,522	43,228
Utilities	17,969	2,942	4,405	25,316
Volunteer appreciation	11,371	1,862	2,788	16,021
Depreciation	46,523	7,616	11,405	65,544
Property tax	669	-	-	669
Children's programs	4,591	-	-	4,591
Client and program resources	9,820	-	-	9,820
Scholarships and tuition assistance	34,850	-	-	34,850
Food assistance	44,828	-	-	44,828
Vehicle fuel assistance	6,396	-	-	6,396
Housing/rental assistance	72,448	-	-	72,448
Medical assistance	1,270	-	-	1,270
Utility assistance	59,958	-	-	59,958
Transportation assistance	23,199	-	-	23,199
Noncash assistance	2,307,782	-	-	2,307,782
Total expenses	\$ 3,383,362	\$ 153,607	\$ 298,477	\$ 3,835,446

See Notes to Financial Statements.

NEW HOPE MINISTRIES, INC

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities: New Hope Ministries, Inc. (the Organization) is a Christian social service ministry incorporated during January 1983, under the laws of the Commonwealth of Pennsylvania as a charitable nonprofit organization. The Organization was established to collect donations and distribute resources in the form of assistance to low-income and no-income families in the event of a crisis situation. In addition to providing financial assistance, the Organization administers a variety of programs aimed at improving the lives of at-risk youth and families of York and Cumberland Counties.

Basis of Accounting: The Organization's financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting is in accordance with accounting principles generally accepted in the United States of America and provides that revenue be recognized when earned and expenses are recorded when the corresponding liability is incurred.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation: The Organization reports net assets, revenue, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Grants and contract funding which are restricted to the use of the Organization's programs are reflected as unrestricted revenue when they are received and spent during the same year.

Income Tax Status: The Organization is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations. 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).

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Tax Status (Continued): Management has assessed the Organization's exposure to income taxes at the entity level as a result of uncertain tax positions taken in current and previously-filed tax returns. Examples of uncertain tax positions taken at the entity level include the continuing validity of the Organization's exempt status and the prospect of being subject to the filing requirement for unrelated business income. Presently, management believes that it is more likely than not that the Organization's tax position will be sustained upon examination, including any appeals and litigation, such that the Organization has no exposure to income tax liabilities arising from uncertain tax positions. The Organization is subject to routine audits by taxing jurisdictions; however, no audits for any tax periods are currently in progress. Management believes the Organization is no longer subject to income tax examinations for years ended prior to June 30, 2011.

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand, cash in banks, and all short-term highly liquid investments with maturities of three months or less.

Accounts Receivable and Bad Debts: Accounts receivable are stated at outstanding balances, which management has determined to be the amount fully collectible, based on the history of collectability. The Organization uses the allowance method to account for uncollectible accounts receivable.

Pledges Receivable: Pledges receivable consist of amounts allocated to the Organization by United Way. All amounts are anticipated to be collected within one year.

Inventory: Inventory consists of donations of food, household supplies, gift cards, and donated cemetery lots. Food and household supplies are weighed and given a set price per pound, while all other donations are estimated at the fair values. More detailed information on donated items is discussed in Note 8.

Fixed Assets: Fixed assets greater than \$1,000 are capitalized and stated at cost or fair value, if donated, less accumulated depreciation. Depreciation is computed using the straight-line method of accounting over the estimated useful lives of the assets. The cost of maintenance and repairs is charged to expenses as incurred. Significant renewals and betterments are capitalized. The costs and accumulated depreciation of the assets are removed from the accounts when sold or retired and any resulting gain or loss is included on the Statements of Activities for the period of disposal.

Investments, Income Recognition and Fair Value: Investments consist of fixed income and marketable equity securities. Management determines the appropriate classification of the investments at the time they are acquired and evaluates the appropriateness of the classification at each balance sheet date. Investments are recorded at fair value based upon values provided by external investment managers on quoted market prices. Management has classified its investments as available-for-sale. Investments are reported at fair value with gains and losses included in the Statements of Activities.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Investments, Income Recognition and Fair Value (Continued): The Organization follows the provisions of Financial Accounting Standards Board Statement ASC 820, Fair Value Measurements for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. This Standard defines fair value 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 Standard also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Contributions: Contributions are recognized as revenue in the period received. All other donor-imposed contributions are reported as temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, that is, when the conditions on which they depend are substantially met, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the Statements of Activities as net assets released from restrictions.

Long-Lived Assets: Long-lived assets to be held and used are reviewed for impairment on an exception basis whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from future cash flows. If an impairment loss has been determined, the loss recognized in the Statement of Activities is measured by the amount by which the carrying value exceeds the fair value of the asset.

Promises to Give: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are satisfied in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

In-Kind Contributions: Donated in-kind contributions are recorded at the fair value at the time of receipt. These contributions are recognized as both support and expense on the Statements of Activities. Only those contributed services which create or enhance non-financial assets, require specialized skills, that are provided by individuals possessing such skills, and would typically need to be purchased, if not provided by donation, are recognized in the financial statements.

Functional Allocation of Expenses: The costs of providing the various program and activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 1, 2014, the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Concentration of Credit Risk

The Organization's cash balance(s) with financial institutions, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. The Organization has not experienced any losses and believes it has limited exposure to significant credit risk. Management regularly monitors the financial institutions, along with its cash balances, in an effort to keep potential risk to a minimum.

Note 3. Investments and Fair Value Measurements

Financial Accounting Standards Board ASC 820, Fair Value Measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the plan has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets• Quoted prices for identical or similar assets or liabilities in inactive markets• Inputs other than quoted prices that are observable for the asset or liability• Inputs that are derived principally from or corroborated by observable market data by correlation or other means If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Investments and Fair Value Measurements (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2014 and 2013.

Level 1: The fair value of these investment securities was based on closing market prices for the respective security as reported in active markets.

Level 2: Money Market accounts (bank deposits) are valued at cost, which approximates fair value.

Fair value measurements in the Organizations' current portfolio at June 30, 2014, were as follows:

	Level 1	Level 2	Level 3	Total
Money Market Accounts	\$ -	\$ 16,878	\$ -	\$ 16,878
Equities				
Large Cap Growth	38,688	-	-	38,688
Large Cap Value	69,447	-	-	69,447
Mutual Funds				
Fixed Income	24,033	-	-	24,033
Exchange Traded Products				
Large Cap Growth	37,874	-	-	37,874
Large Cap Value	98,388	-	-	98,388
Mid Cap Growth	21,848	-	-	21,848
Mid Cap Blend	80,696	-	-	80,696
International Growth	17,774	-	-	17,774
Fixed Income	98,098	-	-	98,098
Total investments, at fair value	\$ 486,846	\$ 16,878	\$ -	\$ 503,724

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Investments and Fair Value Measurements (Continued)

Fair value measurements in the Organizations' current portfolio at June 30, 2013, were as follows:

	Level 1	Level 2	Level 3	Total
Money Market Accounts	\$ -	\$ 121,999	\$ -	\$ 121,999
Equities				
Large Growth	33,849	-	-	33,849
Large Value	54,396	-	-	54,396
International Large Value	15,235	-	-	15,235
Mutual Funds				
Fixed Income	19,012	-	-	19,012
Exchange Traded Products				
Large Growth	60,834	-	-	60,834
Mid-Cap Growth	19,996	-	-	19,996
Mid-Cap Blend	54,230	-	-	54,230
Fixed Income	78,558	-	-	78,558
Total investments, at fair value	\$ 336,110	\$ 121,999	\$ -	\$ 458,109

Note 4. Construction-in-Progress

In June 2014, the Organization purchased a building in Hanover, Pennsylvania. This building is being renovated and will be used as a warehouse for food in Hanover. All costs related to the purchase and renovation of the building through June 30, 2014, have been reported as construction in progress on the statements of financial position. Construction in progress at June 30, 2014, totaled \$539,371.

Note 5. Net Assets

Unrestricted - board designated net assets represent cash earmarked by the board of directors for future use for purposes to support the Organization's programs, and other charitable purposes that fall within the mission of the Organization.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5. Net Assets (Continued)

Unrestricted net assets consist of the following as of June 30:

	2014	2013
Invested in property, plant and equipment	\$ 2,125,636	\$ 1,594,494
Operating	800,492	711,923
Board designated	326,180	199,662
	<u>\$ 3,252,308</u>	<u>\$ 2,506,079</u>

The board designated funds are to be treated as a quasi-endowment by the Board of Directors. Board designated net assets consist of the following as of June 30, 2014:

	Amount
Board designated net assets, July 1, 2013	\$ 199,662
Interest and dividends	8,255
Contributions	127,166
Net investment earnings	39,623
Withdrawals/transfers	(48,526)
Board designated net assets, June 30, 2014	<u>\$ 326,180</u>

Temporarily restricted net assets consist of realized income generated from the permanently restricted scholarship fund and contributions that have been designated by the donor for a specific purpose, which has not yet been fulfilled. Pledged contributions are considered temporarily restricted due to the fact that the pledged funds are not currently available.

Temporarily restricted net assets consist of the following at June 30:

	2014	2013
United Way pledge receivable	\$ 166,750	\$ 165,750
Contributions for scholarship awards	227,171	175,188
Contribution for GED Program in Hanover	-	5,000
Contribution from American Red Cross for Hanover	-	106,464
Total Temporarily Restricted Net Assets	<u>\$ 393,921</u>	<u>\$ 452,402</u>

There were no permanently restricted net assets at June 30, 2014 and 2013.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 6. Scholarships

The following is a summary of the Organization's scholarship fund:

	2014	2013
Beginning balance	\$ 175,188	\$ 162,652
Contributions	43,700	47,000
Investment earnings	38,283	886
Scholarships disbursed	(30,000)	(35,350)
Ending Balance	<u>\$ 227,171</u>	<u>\$ 175,188</u>

Note 7. Noncash Support

Food and other items, which are received by the Organization and the subsequent distribution of these items, are reflected on the Statements of Activities. The noncash support valuations were determined as follows:

Food Donation and Household Supplies - The employees or volunteers of the Organization assign a value to donated food and household supplies as they are contributed to the Organization. Prices are assigned, based upon standardized price per pound, according to a product valuation survey performed by Feeding America, a national organization of food banks. The rate was \$1.69 and \$1.66 per pound for the years ended June 30, 2014 and 2013, respectively.

Agency Assistance - The Organization processes applications and determines eligibility for various assistance programs. The Organization records the amount the client is qualified to receive. This assistance is ultimately paid by one or more of the following organizations: Operation Help, Dover Food Bank, Energy Cost Assistance Emergency, and Energy Assistance Program.

Other Miscellaneous Assistance - Other miscellaneous assistance consists of Christmas gifts, clothing, and miscellaneous items. The costs of these items are estimated by the Organization, based on current market values and the condition of the items.

Fixed Asset Donations - The Organization receives donated fixed assets which are valued at estimated fair value by the Organization.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 7. Noncash Support (Continued)

Noncash support consists of the following for the years ended June 30:

	2014	2013
Food bank contributions	\$ 3,112,842	\$ 2,427,204
Others goods and miscellaneous	141,228	115,832
Gift cards	10,819	16,205
Fundraising event sponsorship	16,211	-
Utility assistance	15,856	500
Professional services	2,335	4,045
Automobile	-	1,944
Fixed assets	-	27,407
	<u>\$ 3,299,291</u>	<u>\$ 2,593,137</u>

Note 8. Pension Plan

The Organization has adopted a defined contribution plan, which is established as a SIMPLE retirement plan. An employee is eligible to participate in the plan upon completion of their ninety-day probationary period. The Organization matches employee contributions, up to 3% of employee compensation. During the years ended June 30, 2014 and 2013, the Organization's matching contributions were \$10,091 and \$10,449, respectively.

Note 9. Operating Lease

The Organization entered into a five-year lease for copiers that terminates in October 2017. Future minimum lease payments under the lease are:

Year	Amount
2015	\$ 5,982
2016	5,982
2017	5,982
2018	1,994
	<u>\$ 19,940</u>

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 10. Prior Period Adjustment

Permanently restricted net assets as of June 30, 2013, have been adjusted to accurately categorize these items in prior periods.

In fiscal years ending prior to June 30, 2014, the Organization reported restricted scholarships governed by a trust document as permanently restricted net assets. Documentation relating to the original contributions did not permanently restrict the initial contribution made to the Organization in the amount of \$13,000. In addition, the Trust document does not specify that future contributions to the Trust funds must be permanently restricted for scholarships. However, the Organization was treating the original contribution as well as subsequent contributions as permanently restricted. The Organization reduced its permanently restricted net assets and increased its temporarily restricted net assets in the amount of \$66,289 at July 1, 2012, to reflect the proper categorization.