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CERTIFIED PUBLIC ACCOUNTANTS

THE HOPE & HEALING PLACE, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
with
INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

The Board of Directors
The Hope & Healing Place, Inc.
Amarillo, Texas

Opinion

We have audited the accompanying financial statements of The Hope & Healing Place, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Hope & Healing Place, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 The Hope & Healing Place, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 The Hope & Healing Place, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted 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 generally accepted 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 The Hope & Healing Place, 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 evaluated 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 The Hope & Healing Place, 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.

Stewart, Martin, Dudley & Webb, P.C.

Amarillo, Texas
September 20, 2023

FINANCIAL STATEMENTS

The Hope & Healing Place, Inc.
Statements of Financial Position
December 31, 2022 and 2021

| Assets | 2022 | 2021 |
|---|---------------------|-------------------|
| Current assets: | | |
| Cash | \$ 332,798 | \$ 217,239 |
| Prepaid expenses | 3,272 | 4,312 |
| Total current assets | 336,070 | 221,551 |
| Investments | 332,664 | 386,503 |
| Operating lease right-of-use asset | 1,475 | 2,836 |
| Property and equipment: | | |
| Building and improvements | 503,607 | 503,607 |
| Office furniture and equipment | 9,873 | 9,873 |
| | 513,480 | 513,480 |
| Less accumulated depreciation | (163,035) | (149,810) |
| Net property and equipment | 350,445 | 363,670 |
| Total assets | \$ 1,020,654 | \$ 974,560 |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 3,455 | \$ 8,064 |
| Operating lease liability - current portion | 2,054 | 1,691 |
| Deferred revenue | 51,465 | 20,866 |
| Total current liabilities | 56,974 | 30,621 |
| Operating lease liability - long-term portion | 383 | 2,438 |
| Total liabilities | 57,357 | 33,059 |
| Net assets: | | |
| Without donor restrictions | 963,297 | 941,501 |
| With donor restrictions | - | - |
| Total net assets | 963,297 | 941,501 |
| Total liabilities and net assets | \$ 1,020,654 | \$ 974,560 |

See accompanying notes.

The Hope & Healing Place, Inc.
Statements of Activities
Years ended December 31, 2022 and 2021

| | 2022 | | | 2021 | | |
|---|-------------------------------|----------------------------|----------------|-------------------------------|----------------------------|----------------|
| | Without donor restrictions | With donor restrictions | Total | Without donor restrictions | With donor restrictions | Total |
| Support and revenue: | | | | | | |
| Contributions: | | | | | | |
| Corporate | \$ 2,268 | \$ - | \$ 2,268 | \$ 4,275 | \$ - | \$ 4,275 |
| Individuals | 21,963 | - | 21,963 | 28,837 | - | 28,837 |
| Foundations and trusts | 61,679 | - | 61,679 | 6,270 | - | 6,270 |
| Third-party fundraisers | 62,919 | - | 62,919 | 63,926 | - | 63,926 |
| In-kind supplies | 36,385 | - | 36,385 | 14,880 | - | 14,880 |
| Grant income | 99,000 | - | 99,000 | 118,881 | - | 118,881 |
| Program revenue | 65 | - | 65 | 1,543 | - | 1,543 |
| Fundraising: | | | | | | |
| Revenue from events and activities | 98,106 | - | 98,106 | 80,418 | - | 80,418 |
| Less: cost of direct benefits to donors | (23,391) | - | (23,391) | (7,787) | - | (7,787) |
| Interest and dividend income, net of fees | 5,665 | - | 5,665 | 3,451 | - | 3,451 |
| Realized gains (losses) on investments | (3,792) | - | (3,792) | 20,736 | - | 20,736 |
| Unrealized gains (losses) on investments | (54,759) | - | (54,759) | 13,242 | - | 13,242 |
| Loss on disposal of assets | - | - | - | (354) | - | (354) |
| Other | 162 | - | 162 | 117 | - | 117 |
| Government contributions - PPP loan | - | - | - | 43,688 | - | 43,688 |
| Net assets released from restrictions - satisfied of donor by program restrictions | - | - | - | 5,000 | (5,000) | - |
| Total support and revenue | 306,270 | - | 306,270 | 397,123 | (5,000) | 392,123 |
| Expenses: | | | | | | |
| Program services | 168,409 | - | 168,409 | 172,335 | - | 172,335 |
| Management and general | 32,119 | - | 32,119 | 32,496 | - | 32,496 |
| Fundraising | 83,946 | - | 83,946 | 66,685 | - | 66,685 |
| Total expenses | 284,474 | - | 284,474 | 271,516 | - | 271,516 |
| Increase (decrease) in net assets | 21,796 | - | 21,796 | 125,607 | (5,000) | 120,607 |
| Net assets at beginning of year | 941,501 | - | 941,501 | 815,894 | 5,000 | 820,894 |
| Net assets at end of year | \$ 963,297 | \$ - | \$ 963,297 | \$ 941,501 | \$ - | \$ 941,501 |

See accompanying notes.

The Hope & Healing Place, Inc.
Statements of Functional Expenses
Years ended December 31, 2022 and 2021

| | 2022 | | | | | 2021 | | | | | | | |
|--|---------------------|---------------------------|------------------|-------------------|--|-------------------|---------------------|---------------------------|------------------|------------------|--|-------------------|--|
| | Program Services | Supporting services | | | Cost of direct benefit to donors | Total | Program services | Supporting services | | | Cost of direct benefit to donors | Total | |
| | | Management and general | Fundraising | Total | | | | Management and general | Fundraising | Total | | | |
| Salaries and related expenses: | | | | | | | | | | | | | |
| Salaries | \$ 98,515 | \$ 11,422 | \$ 42,707 | \$ 54,129 | \$ - | \$ 152,644 | \$ 99,346 | \$ 15,109 | \$ 44,020 | \$ 59,129 | \$ - | \$ 158,475 | |
| Payroll taxes | 6,517 | 913 | 3,414 | 4,327 | - | 10,844 | 6,202 | 1,131 | 3,296 | 4,427 | - | 10,629 | |
| Employee benefits | 9,302 | 1,303 | 4,874 | 6,177 | - | 15,479 | 13,035 | 2,377 | 6,926 | 9,303 | - | 22,338 | |
| Total salaries and related expenses | 114,334 | 13,638 | 50,995 | 64,633 | - | 178,967 | 118,583 | 18,617 | 54,242 | 72,859 | - | 191,442 | |
| Advertising | 75 | 329 | 75 | 404 | - | 479 | - | - | - | - | - | - | |
| Audit fees | - | 8,200 | - | 8,200 | - | 8,200 | - | 7,000 | - | 7,000 | - | 7,000 | |
| Conferences and conventions | 1,373 | 1,283 | 990 | 2,273 | - | 3,646 | 653 | 302 | 50 | 352 | - | 1,005 | |
| Copier usage fees | 348 | 44 | 44 | 88 | - | 436 | 462 | 58 | 58 | 116 | - | 578 | |
| Direct fundraising expense | - | - | 18,062 | 18,062 | - | 18,062 | - | - | 6,886 | 6,886 | - | 6,886 | |
| Dues and memberships | 328 | 45 | - | 45 | - | 373 | 409 | 30 | 20 | 50 | - | 459 | |
| Facility costs | - | - | - | - | 2,910 | 2,910 | - | - | - | - | 275 | 275 | |
| Food, beverages, and entertainment | - | - | - | - | 255 | 255 | - | - | - | - | 12 | 12 | |
| In-kind donations | 4,800 | - | 11,358 | 11,358 | 20,226 | 36,384 | 4,750 | - | 2,630 | 2,630 | 7,500 | 14,880 | |
| Insurance | 7,230 | 851 | 425 | 1,276 | - | 8,506 | 6,405 | 754 | 377 | 1,131 | - | 7,536 | |
| Internet | 1,155 | 136 | 68 | 204 | - | 1,359 | 1,007 | 118 | 59 | 177 | - | 1,184 | |
| Janitorial | 1,726 | 203 | 102 | 305 | - | 2,031 | 1,879 | 221 | 111 | 332 | - | 2,211 | |
| Legal fees | - | 1,340 | - | 1,340 | - | 1,340 | - | - | - | - | - | - | |
| Miscellaneous | - | (34) | - | (34) | - | (34) | - | (91) | - | (91) | - | (91) | |
| Office supplies and expense | 1,192 | 961 | 176 | 1,137 | - | 2,329 | 3,140 | 985 | 437 | 1,422 | - | 4,562 | |
| Operating lease expense | 530 | 66 | 66 | 132 | - | 662 | 769 | 96 | 96 | 192 | - | 961 | |
| Relationship activities | 2,903 | 1,862 | 32 | 1,894 | - | 4,797 | 2,671 | 1,492 | - | 1,492 | - | 4,163 | |
| Repairs and maintenance | 3,206 | 378 | 188 | 566 | - | 3,772 | 756 | 89 | 44 | 133 | - | 889 | |
| Security | 1,950 | 260 | - | 260 | - | 2,210 | 2,082 | 33 | - | 33 | - | 2,115 | |
| Software subscription | 1,299 | 162 | 162 | 324 | - | 1,623 | 4,402 | 550 | 550 | 1,100 | - | 5,502 | |
| Supplies | 5,486 | - | - | - | - | 5,486 | 5,231 | - | - | - | - | 5,231 | |
| Telephone | 603 | 71 | 35 | 106 | - | 709 | 738 | 87 | 43 | 130 | - | 868 | |
| Utilities | 7,252 | 853 | 427 | 1,280 | - | 8,532 | 5,604 | 659 | 330 | 989 | - | 6,593 | |
| Website | 221 | 12 | 12 | 24 | - | 245 | 158 | 9 | 9 | 18 | - | 176 | |
| Total expenses before depreciation | 156,011 | 30,660 | 83,217 | 113,877 | 23,391 | 293,279 | 159,699 | 31,009 | 65,942 | 96,951 | 7,787 | 264,437 | |
| Depreciation and amortization | 12,398 | 1,459 | 729 | 2,188 | - | 14,586 | 12,636 | 1,487 | 743 | 2,230 | - | 14,866 | |
| | \$ 168,409 | \$ 32,119 | \$ 83,946 | \$ 116,065 | \$ 23,391 | \$ 307,865 | \$ 172,335 | \$ 32,496 | \$ 66,685 | \$ 99,181 | \$ 7,787 | \$ 279,303 | |

See accompanying notes.

The Hope & Healing Place, Inc.
Statements of Cash Flows
Years ended December 31, 2022 and 2021

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 21,796 | \$ 120,607 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 14,586 | 14,866 |
| Loss on disposal of assets | - | 354 |
| Unrealized (gains) losses on investments | 54,759 | (13,242) |
| Government contributions - PPP loan | - | (43,688) |
| Changes in operating assets and liabilities: | | |
| Receivables | - | 5,640 |
| Prepaid expenses | 1,040 | (1,895) |
| Accounts payable and accrued liabilities | (4,609) | 6,868 |
| Advances from PPP loan | - | 43,688 |
| Lease liability | (1,692) | (1,392) |
| Deferred revenue | 30,599 | 6,239 |
| Net cash provided by operating activities | 116,479 | 138,045 |
| Cash flows from investing activities: | | |
| Net increase in investments | (920) | (24,111) |
| Purchase of equipment | - | (800) |
| Proceeds from disposition of assets | - | 350 |
| Net cash used by investing activities | (920) | (24,561) |
| Net increase in cash | 115,559 | 113,484 |
| Cash at beginning of year | 217,239 | 103,755 |
| Cash at end of year | \$ 332,798 | \$ 217,239 |

2022: No non-cash activities.

2021: Non-cash operating activities of \$43,688 occurred for the PPP loan forgiveness.

See accompanying notes.

The Hope & Healing Place, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

1. Summary of significant accounting policies

Nature of operations

The Hope & Healing Place, Inc. (the "Organization") is a nonprofit organization incorporated under the provisions of the Texas Nonprofit Corporation Act. The Organization was organized exclusively for charitable and educational purposes and, as such, has been recognized as a tax-exempt entity pursuant to Internal Revenue Code Section 501(c)(3).

The Organization exists to provide a safe place to promote the healing journey for grieving children, families, and individuals. The Organization provides grief counseling services through various support groups, community psychoeducation, and training services. The Organization's primary source of revenues are from public support in the form of contributions, grants, and public fundraising.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation

In accordance with ASU No. 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statements for Not-For-Profit Entities (ASU No. 2016-14), the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Use of estimates

The preparation of financial statements includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Contributions

In accordance with ASU 2016-14, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or 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 restrictions.

Donated supplies and services

Donated supplies and services are recorded at their fair value provided Organization has a clearly measurable and objective basis for determining the value. Such amounts are reported as revenue and as expenses in the statements of activities (Note 5).

Receivables

The Organization records receivables as its right to receive them is established. Management reviews accounts receivable on a periodic basis for collectability. As of December 31, 2022 and 2021, an allowance for doubtful accounts was not considered necessary.

Additionally, in applying Accounting Standards Update (ASU) No. 2018-08 Not-For-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Made (Topic 958), the Organization has determined that there are no conditional promises to give for the years ended December 31, 2022 and 2021.

The Hope & Healing Place, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

1. Summary of significant accounting policies, continued

Depreciation

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

| | |
|--------------------------------|---------------|
| Building and improvements | 5 to 40 years |
| Office furniture and equipment | 5 to 7 years |

The Organization capitalizes all expenditures at cost if purchased and fair value if contributed for assets or improvements to assets of \$500 or more with a useful life of more than one year.

Absent donor stipulations regarding how long donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net asset without donor restrictions at that time.

Investments

Investments are carried at fair value as determined by quoted prices. Donated securities are recorded at their fair value at the date of donation. Realized and unrealized investment gains and losses are determined by comparison of specific costs of acquisition to proceeds at the time of disposal or fair value at the statements of financial position date. These gains and losses and other investment income, net of fees, are reflected in the statements of activities. Investment income and realized and unrealized gains and losses on investments are classified as without restriction in the statements of activities unless a donor or law temporarily restricts their use.

Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code and qualifies for the charitable contributions deduction for individual donors under Section 170(b)(1)(a)(vi).

Statements of cash flows

Cash and cash equivalents include short-term, highly liquid investments that can be readily converted to known amounts of cash. The Organization does not consider certificates of deposit or cash equivalent funds held in its investment portfolio to be cash equivalents.

Concentration of credit

The Organization maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash or cash equivalents.

The Hope & Healing Place, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

1. Summary of significant accounting policies, continued

Recent accounting pronouncements

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions and valuation techniques. As such, the Organization has implemented ASU No. 2020-07 for the year ended December 31, 2022. Required disclosure and presentation modifications have been integrated into these financial statements.

2. Liquidity and availability of financial assets

The following reflects the Organization's financial assets as of December 31, reduced by amounts not available for general use within one year of December 31:

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Financial assets, at year-end | \$ 665,462 | \$ 603,742 |
| Less those unavailable for general expenditures within one year | - | - |
| | \$ 665,462 | \$ 603,742 |

Generally, as part of the Organization's liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. Investments

Investments and related income consisted of the following at December 31:

| | 2022 | | |
|---------------------------|-------------------|-------------------|---|
| | Cost | Fair value | Cumulative unrealized gains (losses) |
| Cash equivalents | \$ 14,563 | \$ 14,563 | \$ - |
| Equity mutual funds | 132,034 | 150,744 | 18,710 |
| Fixed income mutual funds | 183,870 | 167,357 | (16,513) |
| | \$ 330,467 | \$ 332,664 | \$ 2,197 |

The Hope & Healing Place, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

3. Investments, continued

| | 2021 | | |
|---------------------------|-------------------|-------------------|--|
| | Cost | Fair value | Cumulative unrealized gains |
| Cash equivalents | \$ 13,408 | \$ 13,408 | \$ - |
| Equity mutual funds | 133,006 | 185,106 | 52,100 |
| Fixed income mutual funds | 183,149 | 187,989 | 4,840 |
| | \$ 329,563 | \$ 386,503 | \$ 56,940 |

| | 2022 | 2021 |
|---|--------------------|------------------|
| Included in investment income: | | |
| Interest and dividends | \$ 6,993 | \$ 5,785 |
| Realized gains (losses), net | (3,792) | 20,736 |
| Unrealized gains (losses), net | (54,759) | 13,242 |
| | \$ (51,558) | \$ 39,763 |
| Investment advisory fees netted against interest and dividends | \$ 2,281 | \$ 2,409 |

4. Paycheck Protection Program

On April 5, 2022, the Organization received a loan in the amount of \$43,600 under the Paycheck Protection Program (PPP Loan). The Organization also received a second loan on February 25, 2021, in the amount of \$43,688 under the same program. The PPP Loan and accrued interest was forgivable after the covered period, up to 24-weeks, if the borrower used the PPP Loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, covered operations expenditure, covered property damage, covered supplier costs, covered worker protection expenditures, and maintained its payroll levels. The amount of the PPP Loan forgiveness would be reduced if the borrower terminated employees or reduced salaries during the covered period, up to 24 weeks. The unforgiven portion of the PPP Loan would be payable over two years at an interest rate of 1%, with a deferral of payments for the first 10 months. As of December 31, 2021, the Organization used the entire proceeds for purposes consistent with the PPP Loan, resulting in revenue in the accompanying financial statements. On December 9, 2020 and August 12, 2021, the PPP Loans were forgiven, in full plus interest, by the Small Business Administration (SBA).

The Hope & Healing Place, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

5. Donated supplies

Donated supplies for the years ended December 31, 2022 and 2021, included in the financial statements, were as follows:

| | 2022 | 2021 |
|----------------------|------------------|------------------|
| Fundraising supplies | \$ 31,585 | \$ 10,130 |
| Program supplies | 4,800 | 4,750 |
| | \$ 36,385 | \$ 14,880 |

6. Net assets with donor restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donor for the years ended December 31 as follows:

| | 2022 | 2021 |
|------------------|-------------|-------------|
| Program services | \$ - | \$ 5,000 |

7. Operating leases

The Organization adopted FASB ASC 842 during the year ended December 31, 2019. The Organization has one long-term operating lease for office equipment.

Additional information about the Organization's lease at December 31, 2022 is as follows:

| | | |
|--|----|----------|
| Lease costs (including operating expenses): | | |
| Operating lease cost | | \$ 2,354 |
| Other information: | | |
| Cash paid for amounts included in measuring operating lease liabilities: | | |
| Operating cash flows from operating leases | \$ | 2,354 |
| Lease assets in exchange for lease obligations: | | |
| Operating leases | \$ | - |
| Weighted-average remaining lease term (years) | | 1.04 |
| Weighted-average implicit rate | | 19.60% |

The Hope & Healing Place, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

7. Operating leases, continued

| | | |
|--|----|-------|
| Future maturities of operating lease liabilities as of December 31, 2022 are as follows: | | |
| 2023 | \$ | 2,354 |
| 2024 | | 392 |
| Total lease payments | | 2,746 |
| Less amounts representing interest | | (309) |
| Present value of lease liabilities | \$ | 2,437 |

8. Concentrations

During the year ended December 31, 2022, the Organization had three contributors who accounted for \$178,262 or 54% of contributions and grants. During the year ended December 31, 2021, the Organization had three contributor who accounted for \$163,891 or 41% of total revenue.

9. Related party transactions

During 2022 and 2021, the Organization held a portion of its investments at a financial institution with which one Board member and VP/Trust Officer also serve on the Board for the Organization. All transactions were conducted at arm's length and in the normal course of business.

10. Donor advised endowment fund

An endowment fund in the amount of \$128,624 was established by an anonymous donor on May 6, 2013, at the Amarillo Area Foundation for the benefit of the Organization. The donor granted Amarillo Area Foundation variance power over the funds; therefore, according to Financial Accounting Standard 136, the fund is not reported as an asset of the Organization. Upon request, a portion of the net income (less administrative fees) of the fund is distributed annually to the Organization. The remaining income is added to the principal of the fund. No distributions were taken by the Organization in 2022 or 2021. The net assets of the fund was \$223,076 at December 31, 2022.

11. Fair value of financial instruments

The Organization complies with GAAP for all financial instruments that are being measured and reported on a fair value basis, which provides a framework for measuring fair value. As defined in GAAP, fair value is 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. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The Hope & Healing Place, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

11. Fair value of financial instruments, continued

Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identification or similar assets or liabilities.
- Level 3: Unobservable inputs that are not corroborated by market data. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The following methods and assumptions were used by the Organization in estimating its fair value for financial instruments:

Cash, receivables, and payables – The carrying amount approximates fair value because of the short maturity of these assets and liabilities.

Investments – The fair value of all investments are based on quoted market prices for those of identical investments in active markets.

The following table presents the Organization’s fair value hierarchy for the financial assets measured at fair value on a recurring basis at December 31:

| | 2022 | | | Total |
|---------------------|-------------------|----------------|----------------|-------------------|
| | Level 1 | Level 2 | Level 3 | |
| Investments: | | | | |
| Cash equivalents | \$ 14,563 | \$ - | \$ - | \$ 14,563 |
| Equity mutual funds | 150,744 | - | - | 150,744 |
| Fixed income funds | 167,357 | - | - | 167,357 |
| | \$ 332,664 | \$ - | \$ - | \$ 332,664 |

The Hope & Healing Place, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

11. Fair value of financial instruments, continued

| | 2021 | | | Total |
|---------------------|------------|---------|---------|------------|
| | Level 1 | Level 2 | Level 3 | |
| Investments: | | | | |
| Cash equivalents | \$ 13,408 | \$ - | \$ - | \$ 13,408 |
| Equity mutual funds | 185,106 | - | - | 185,106 |
| Fixed income funds | 187,989 | - | - | 187,989 |
| | \$ 386,503 | \$ - | \$ - | \$ 386,503 |

12. Expenses by nature and function

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, payroll taxes, and other various costs which are allocated on the basis of estimates of departmental time and effort. Occupancy costs are allocated by facility or on a square footage basis.

13. Subsequent events

Subsequent events were evaluated through September 20, 2023, the date these financial statements were available to be issued.