

Hope House Colorado

Financial Statements

December 31, 2021 and 2020

(With Independent Auditor's Report Thereon)



Independent Auditor's Report

Board of Directors Hope House Colorado

Opinion

We have audited the accompanying financial statements of Hope House Colorado, which comprise the statements of financial position as of December 31, 2021 and 2020, 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 Hope House Colorado as of December 31, 2021 and 2020, and the changes in 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 Hope House Colorado and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Hope House Colorado'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, including omissions, 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.

**Board of Directors
Hope House Colorado**

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 Hope House Colorado's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hope House Colorado'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.

Kundinger, Corder & Montoya, P.C.

April 27, 2022

Hope House Colorado
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 1,783,412	1,501,968
Restricted cash for building projects (note 3)	80,750	96,380
Contributions and grants receivable	12,828	2,044
Employee Retention Tax Credit receivable (note 10)	408,000	–
Prepaid expenses and other assets	20,216	7,473
Property and equipment, net (note 4)	5,495,968	5,615,417
Total assets	\$ 7,801,174	7,223,282
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 98,076	95,397
Mortgage payable (note 5)	–	102,220
Paycheck Protection Program loan (note 10)	–	224,300
Total liabilities	98,076	421,917
Net assets (note 7)		
Without donor restrictions		
Undesignated	1,342,848	389,090
Investment in property and equipment, net of related debt	5,495,968	5,513,197
Board designated	818,636	591,446
Total without donor restrictions	7,657,452	6,493,733
With donor restrictions	45,646	307,632
Total net assets	7,703,098	6,801,365
Commitments and contingencies (notes 6, 8 and 10)		
Total liabilities and net assets	\$ 7,801,174	7,223,282

See the accompanying notes to the financial statements.

Hope House Colorado
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and support			
Contributions and grants			
Corporate	\$ 102,497	17,756	120,253
Foundation grants	316,794	97,500	414,294
Individuals	1,068,918	300,115	1,369,033
Churches	33,375	11,500	44,875
In-kind (note 9)	217,420	–	217,420
Governmental credits and relief funding (note 10)	632,300	–	632,300
Special events revenue	912,432	–	912,432
Less: direct expenses	(267,401)	–	(267,401)
Contract revenue	80,861	–	80,861
Interest and other income	3,676	–	3,676
Net assets released due to satisfaction of time or purpose restrictions (note 7)	688,857	(688,857)	–
Total revenue, gains and support	3,789,729	(261,986)	3,527,743
Expenses			
Program services	1,856,673	–	1,856,673
Supporting services			
Management and general	251,241	–	251,241
Fundraising	351,830	–	351,830
Total supporting services	603,071	–	603,071
Total expenses before noncash items	2,459,744	–	2,459,744
Change in net assets before noncash items	1,329,985	(261,986)	1,067,999
Depreciation	(166,266)	–	(166,266)
Change in net assets	1,163,719	(261,986)	901,733
Net assets at beginning of year	6,493,733	307,632	6,801,365
Net assets at end of year	\$ 7,657,452	45,646	7,703,098

See the accompanying notes to the financial statements.

Hope House Colorado
Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and support			
Contributions and grants			
Corporate	\$ 153,052	68,514	221,566
Foundation grants	771,960	139,000	910,960
Individuals	717,172	88,527	805,699
Churches	62,182	2,581	64,763
In-kind (note 9)	147,340	202,392	349,732
Special events revenue	717,689	–	717,689
Less: direct expenses	(134,114)	–	(134,114)
Contract revenue	51,100	–	51,100
Interest and other income	3,439	–	3,439
Net assets released due to satisfaction of time or purpose restrictions (note 7)	284,611	(284,611)	–
Total revenue, gains and support	<u>2,774,431</u>	<u>216,403</u>	<u>2,990,834</u>
Expenses			
Program services	1,571,745	–	1,571,745
Supporting services			
Management and general	233,165	–	233,165
Fundraising	324,562	–	324,562
Total supporting services	<u>557,727</u>	<u>–</u>	<u>557,727</u>
Total expenses before noncash items	<u>2,129,472</u>	<u>–</u>	<u>2,129,472</u>
Change in net assets before noncash items	644,959	216,403	861,362
Depreciation	(163,959)	–	(163,959)
Change in net assets	481,000	216,403	697,403
Net assets at beginning of year	<u>6,012,733</u>	<u>91,229</u>	<u>6,103,962</u>
Net assets at end of year	<u>\$ 6,493,733</u>	<u>307,632</u>	<u>6,801,365</u>

See the accompanying notes to the financial statements.

Hope House Colorado
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries, benefits and taxes	\$ 1,209,633	144,812	251,533	1,605,978
Direct program costs	458,716	–	–	458,716
Occupancy	94,283	17,231	4,254	115,768
Office expenses	18,355	4,524	54,747	77,626
Legal and accounting	1,894	66,926	116	68,936
Information technology	37,653	9,283	13,542	60,478
Conferences and meetings	3,608	890	219	4,717
Insurance	24,592	6,064	1,496	32,152
Merchant fees	–	–	25,388	25,388
Other expenses	6,128	1,511	535	8,174
Interest	1,811	–	–	1,811
Total functional expenses	1,856,673	251,241	351,830	2,459,744
Depreciation	154,786	3,444	8,036	166,266
Total expenses	\$ 2,011,459	254,685	359,866	2,626,010

See the accompanying notes to the financial statements.

Hope House Colorado
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries, benefits and taxes	\$ 982,402	152,671	257,508	1,392,581
Direct program costs	394,171	2,500	90	396,761
Occupancy	102,776	1,741	3,482	107,999
Office expenses	24,200	1,113	29,483	54,796
Legal and accounting	–	65,706	–	65,706
Information technology	30,975	645	13,279	44,899
Conferences and meetings	1,867	3,804	1,601	7,272
Insurance	29,253	1,867	–	31,120
Merchant fees	–	–	18,966	18,966
Other expenses	318	3,118	153	3,589
Interest	5,783	–	–	5,783
Total functional expenses	<u>1,571,745</u>	<u>233,165</u>	<u>324,562</u>	<u>2,129,472</u>
Depreciation	<u>155,757</u>	<u>2,734</u>	<u>5,468</u>	<u>163,959</u>
Total expenses	<u>\$ 1,727,502</u>	<u>235,899</u>	<u>330,030</u>	<u>2,293,431</u>

See the accompanying notes to the financial statements.

Hope House Colorado
Statement of Cash Flows
Year Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 901,733	697,403
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	166,266	163,959
Forgiveness of Paycheck Protection Program loan	(224,300)	–
Capitalization of in-kind donations	–	(202,392)
Change in operating assets and operating liabilities:		
Contributions and grants receivable	(10,784)	21,825
Employee Retention Tax Credit receivable	(408,000)	–
Prepaid expenses and other assets	(12,743)	(29)
Accounts payable and accrued liabilities	2,679	(9,738)
Net cash provided by operating activities	414,851	671,028
 Cash flows from investing activities		
Purchases of property and equipment	(46,817)	(189,144)
Net cash used in investing activities	(46,817)	(189,144)
 Cash flows from financing activities		
Repayment of mortgage payable	(102,220)	(12,624)
Proceeds from Paycheck Protection Program loan	–	224,300
Net cash (used in) provided by financing activities	(102,220)	211,676
 Net increase in cash and cash equivalents	265,814	693,560
Cash, cash equivalents and restricted cash at beginning of year	1,598,348	904,788
Cash, cash equivalents and restricted cash at end of year	\$ 1,864,162	1,598,348
 Supplemental Disclosure		
Interest paid	\$ 1,811	5,783
Noncash investing activities		
In-kind capitalized property and equipment	\$ –	202,392
 Reconciliation of cash, cash equivalents and restricted cash at end of year		
Cash and cash equivalents	\$ 1,783,412	1,501,968
Restricted cash for building projects	80,750	96,380
	\$ 1,864,162	1,598,348

See the accompanying notes to the financial statements.

Hope House Colorado

Notes to Financial Statements

December 31, 2021 and 2020

(1) Summary of Significant Accounting Policies

(a) Organization

Hope House Colorado (Hope House) is committed to transforming the lives of teen mothers around the world. Hope House offers teen moms and their children hope for a brighter future by providing resources, education, and support to build strong, healthy and loving homes. Hope House offers residential and outreach programs at their facilities in Arvada, Colorado. Hope House was incorporated in 2000 in Colorado as a non-profit corporation and is supported primarily through donor contributions, grants and fundraising activity.

(b) Basis of Accounting and Presentation

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

Hope House is required to report information regarding its financial position and activities according to the following net asset classes:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Hope House. These net assets may be used at the discretion of Hope House's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Hope House has no donor restricted net assets that are perpetual in nature.

(c) Cash, Cash Equivalents and Restricted Cash

Hope House considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash equivalents. Cash balances held for long-term donor restricted purposes are shown as restricted cash in the statement of financial position.

Hope House Colorado

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Concentrations of Credit Risk

Financial instruments which potentially subject Hope House to concentrations of credit risk consist principally of cash, cash equivalents and restricted cash. Hope House places its cash with creditworthy, high quality financial institutions. At times during the year, a portion of Hope House's cash deposits may not be insured by the FDIC or related entity.

(e) Revenue Recognition

Contributions and Grants

Contributions and grants are recognized when cash, securities, and unconditional promises to give are received. Conditional promises to give, that is, those with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend are substantially met. Should Hope House substantially meet all the conditions in the same period that the contribution was awarded, and barring any further donor-imposed restriction, Hope House has elected to recognize the revenue in net assets without donor restriction. Payments received in advance of conditions being met are recorded as a refundable advance.

Contributions and grants receivable are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. 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 statement of activities as net assets released from restrictions.

Contributions and grants receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Hope House uses the allowance method to determine uncollectible contributions and grants receivable. At December 31, 2021 and 2020, there is no allowance for uncollectible amounts because management believes that all contributions and grants will be collected in their entirety.

Special events revenue is recognized equal to the cost of direct benefit to donors, and contribution revenue for the difference.

Contract revenue

A portion of Hope House's revenue is derived from a contract to offer GED and online high school coursework to the teen mothers served by Hope House. The contract is billed monthly on a cost reimbursement basis. Amounts received are deemed to be earned and are reported as revenue as services are performed or expenses are incurred. Cash received but not yet earned is reported as deferred revenue.

Hope House Colorado

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Revenue Recognition, Continued

Accounts receivable represent fees earned for services provided. The allowance for doubtful accounts is based on past collection experience and on analysis of current accounts receivable collectibility. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. Hope House did not have any accounts receivable as of December 31, 2021 or 2020.

(f) Property and Equipment

Property and equipment are stated at cost at the date of purchase or, if donated, at the approximate fair market value at the date of donation. Hope House capitalizes property and equipment with a cost or fair value at the date of donation of \$5,000 or more, and are depreciated over their estimated useful lives using the straight-line method. Buildings will be depreciated over a 40-year life and other fixed assets are depreciated over a five to seven-year period.

(g) In-Kind Contributions

In-kind contributions may include donated property and equipment, services, space use, materials or supplies. In-kind contributions are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation, or capitalized if they meet the capitalization criteria. Donated auction items are recorded at the cash sales price at the time of sale and included in special event revenue. Hope House recognizes the value of contributed services when they (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Hope House.

Many individuals volunteer their time and perform a variety of tasks that assist Hope House with specific assistance on programs and fundraising events. No amounts have been reflected in the financial statements for these donated services since the volunteers' time does not meet the criteria for recognition under generally accepted accounting principles.

(h) Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Hope House incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. Hope House also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fundraising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel.

Hope House Colorado

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Estimates

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

(j) Income Taxes

Hope House is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and contributions received qualify for the charitable contribution deduction. However, income from activities not directly related to Hope House's tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income in 2021 or 2020.

Hope House follows the *Accounting for Uncertainty in Income Taxes* accounting standard which requires Hope House to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. Hope House believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are significant to the financial statements. If incurred, interest and penalties associated with uncertain tax positions would be recorded in the period assessed. Hope House's tax returns for the previous three years, December 31, 2018 through December 31, 2020, are subject to examination by the IRS, generally for three years after initial filing.

(k) Subsequent Events

Hope House's financial statements were available to be issued on April 27, 2022, and this is the date through which subsequent events were evaluated.

(l) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. The reclassifications had no effect on net assets or the change in net assets.

Hope House Colorado

Notes to Financial Statements, Continued

(2) Availability and Liquidity of Financial Assets

The following represents Hope House's financial assets as of December 31, 2021 and 2020 that are available for expenditure for on-going programs and general operations within one year:

	<u>2021</u>	<u>2020</u>
Financial assets available to fund general operations:		
Cash and cash equivalents	\$ 1,783,412	1,501,968
Cash restricted for building projects	80,750	96,380
Contributions and grants receivable	<u>420,828</u>	<u>2,044</u>
Total financial assets	2,284,990	1,600,392
Less financial assets not available within the year ending December 31:		
Required for debt service	–	(18,407)
Board designated reserves	<u>(818,636)</u>	<u>(591,446)</u>
Total financial assets available for expenditure within one year	\$ <u>1,466,354</u>	<u>990,539</u>

Hope House receives significant support from contributions and grants, including restricted donations and grants. Based on donor restrictions and timing of receivables, resources may be unavailable until a future period. Hope House maintains sufficient resources to meet the responsibilities to its donors. As part of Hope House's liquidity management, Hope House has a policy to maintain no less than 30 days of expenses in the operating bank account to be available for expenditure, liabilities and other obligations as they come due.

In addition, Hope House maintains a board designated reserve of operating surplus, which totals \$721,515 as of December 31, 2021, and \$477,066 as of December 31, 2020. At the board's discretion and in accordance with its policy, the operating reserve may be drawn upon the event of financial distress, or be used for general operations when deemed necessary. Additionally, Hope House maintains a secured line of credit with a commercial bank in the amount of \$150,000. See note 6.

(3) Cash Restricted and Designated for Building Projects

Hope House has deposited cash resources which are restricted or board designated for its building projects in a separate account as follows:

	<u>2021</u>	<u>2020</u>
Restricted funds for capital reserve	\$ 80,750	31,380
Restricted funds for capital construction	–	40,000
Designated funds	<u>–</u>	<u>25,000</u>
Total restricted cash for building projects	\$ <u>80,750</u>	<u>96,380</u>

Hope House Colorado

Notes to Financial Statements, Continued

(4) Property and Equipment

The components of property and equipment are as follows for the year ended December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 369,577	369,577
Construction in progress	–	301,233
Building improvements	598,853	598,853
Furniture, equipment and software	333,964	315,007
Vehicles	52,909	49,903
Buildings	<u>4,791,389</u>	<u>4,489,796</u>
	6,146,692	6,124,369
Less accumulated depreciation	<u>(650,724)</u>	<u>(508,952)</u>
Total property and equipment	\$ <u>5,495,968</u>	<u>5,615,417</u>

(5) Mortgage Payable

On August 6, 2012 Hope House was issued a \$190,757 mortgage note payable which was secured by a deed of trust and deposit accounts held at the commercial lending institution. The note had an interest rate of 5.20% and was payable in monthly installments of \$1,534 through July 2027. The loan was paid in full during June 2021.

(6) Line of Credit

Hope House has a \$150,000 revolving line of credit with a commercial bank. The interest rate is variable based on prime plus 1.50%, but no lower than 5.50%. This line of credit was renewed during 2019, with a maturity date of June 2022. There was no outstanding balance on this line of credit at December 31, 2021 and 2020, and there were no borrowings during 2021 or 2020.

(7) Net Assets

The board has elected to designate net assets without donor restrictions as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Board designated – operating reserve	\$ 721,515	477,066
Board designated – building reserve	80,750	96,380
Board designated – book reserve	<u>16,371</u>	<u>18,000</u>
Total board designated net assets	\$ <u>818,636</u>	<u>591,446</u>

Hope House Colorado

Notes to Financial Statements, Continued

(7) Net Assets, Continued

Donor-restricted net assets consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash received for Residential remodel	\$ —	74,581
In-kind donations received for Residential remodel	—	202,392
COVID-19 rent assistance	—	7,159
Parenting	19,418	—
College and career EEG	<u>26,228</u>	<u>23,500</u>
Total net assets with donor restrictions	\$ <u>45,646</u>	<u>307,632</u>

Net assets were released from restrictions due to the following purpose restrictions being accomplished as of December 31:

	<u>2021</u>	<u>2020</u>
Satisfaction of construction of Resource Center	\$ —	71,229
Satisfaction of construction for Residential remodel	284,973	—
COVID-19 direct assistance	7,159	103,855
Satisfaction of other purpose restrictions	<u>396,725</u>	<u>109,527</u>
Total net assets released from restrictions	\$ <u>688,857</u>	<u>284,611</u>

(8) Retirement Plan

Hope House sponsors a SIMPLE IRA plan (the Plan) for the benefit of eligible employees. Eligible employees may begin to participate in the Plan with elective deferral contributions once the employee has earned \$5,000 during any two preceding years, and must be reasonably expected to earn such amounts during the current year. Hope House makes matching contributions in an equal amount to an employee's elective deferrals but not to exceed 3%. Plan benefits vest immediately. Hope House contributed \$16,567 and 17,151 to the Plan during the year ended December 31, 2021 and 2020, respectively.

(9) In-Kind Contributions

In-kind contributions totaled \$217,420 and \$349,732 for the years ended December 31, 2021 and 2020, respectively. In-kind contributions include the following components:

	<u>2021</u>	<u>2020</u>
Capitalized construction costs	\$ —	202,392
Services	31,807	38,806
Supplies, clothing and other direct assistance	<u>185,613</u>	<u>108,534</u>
Total in-kind contributions	\$ <u>217,420</u>	<u>349,732</u>

Hope House Colorado

Notes to Financial Statements, Continued

(9) In-Kind Contributions, Continued

Hope House relies extensively on volunteers who perform a variety of services for which no estimate of value is made in the accompanying financial statements. In both 2021 and 2020, Hope House benefited from over 8,000 hours of volunteer time, of which approximately 400 was one-on-one tutoring time with teen moms.

(10) Governmental Credits and Relief Funding

In April 2020, Hope House received a \$224,300 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan was treated as a conditional contribution until such time that the loan was explicitly forgiven by the SBA. The loan was fully forgiven during the year ended December 31, 2021 and recognized as revenue.

Additionally, during 2021, Hope House met the conditions for the employee retention tax credit (ERC), a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages, as established by the CARES Act and further amended by the Consolidated Appropriations Act, the American Rescue Plan, and the Infrastructure Investment and Jobs Act. Hope House has filed amended tax forms to claim the credit for eligible wages incurred during applicable calendar 2021 quarters. Accordingly, as of December 31, 2021, Hope House has recorded revenue and an employee retention tax credit receivable of \$408,000. Laws and regulations concerning government relief programs, including the ERC, are complex and subject to varying interpretations. Claims made under these programs may be subject to audit and review by these regulatory authorities.

During 2021, Hope House recognized as revenue the following funds under various federal governmental credit and relief programs as a result of the COVID-19 pandemic:

Paycheck Protection Program loan	\$ 224,300
Employee Retention Tax Credits	<u>408,000</u>
	\$ <u>632,300</u>