

**ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.**

**dba PROJECT HOPE FOR THE HOMELESS**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2020 and 2019**

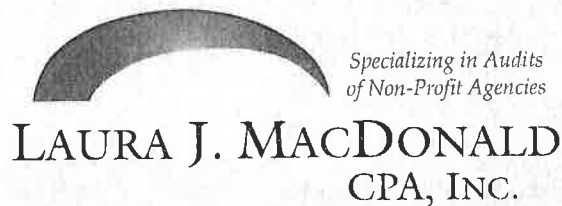
**Laura J. MacDonald, CPA, Inc.  
135 North Broadway  
Medina, Ohio 44256**

**ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.  
dba PROJECT HOPE FOR THE HOMELESS  
FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**TABLE OF CONTENTS**

**Page No.**

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses	
Year Ended December 31, 2020	5
Year Ended December 31, 2019	6
Statements of Cash Flows	7
Notes to Financial Statements	8
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	16



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Ecumenical Shelter Network  
of Lake County, Inc.  
dba Project Hope for the Homeless  
Painesville, Ohio

### Report on the Financial Statements

I have audited the accompanying Financial Statements of the Ecumenical Shelter Network of Lake County, Inc. (dba Project Hope for the Homeless) (a non-profit organization), which comprise the Statements of Financial Position as of December 31, 2020 and 2019, and the related Statements of Activities, Functional Expenses and Cash Flows 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*

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

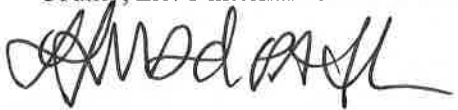
Board of Directors  
Ecumenical Shelter Network  
of Lake County, Inc.  
dba Project Hope for the Homeless

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ecumenical Shelter Network of Lake County, Inc. as of December 31, 2020 and 2019 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued a report dated November 12, 2021, on my consideration of the Ecumenical Shelter Network of Lake County, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Ecumenical Shelter Network of Lake County Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ecumenical Shelter Network of Lake County, Inc.'s internal control over financial reporting and compliance.



Medina, Ohio  
November 12, 2021

**ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.  
dba PROJECT HOPE FOR THE HOMELESS  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2020 and 2019**

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 573,172	\$ 213,101
Grants and reimbursement contracts receivable	52,047	21,292
Contributions receivable	17,878	70,006
Unconditional promises to give	32,000	35,750
Prepaid expenses	3,772	6,865
<b>TOTAL CURRENT ASSETS</b>	<b>678,869</b>	<b>347,014</b>
<b>PROPERTY AND EQUIPMENT</b>	<b>855,777</b>	<b>898,084</b>
<b>OTHER ASSETS</b>		
Board restricted endowment	141,398	109,268
Deposits	349	349
	<b>141,747</b>	<b>109,617</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,676,393</b>	<b>\$ 1,354,715</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 6,576	\$ 7,761
Accrued wages, benefits and related taxes and withholdings	24,408	20,406
Refundable advances	20,250	7,939
Other current liabilities	250	525
Paycheck Protection Program loan	70,100	-
Current portion of long-term debt	17,149	16,274
<b>TOTAL CURRENT LIABILITIES</b>	<b>138,733</b>	<b>52,905</b>
<b>OTHER LIABILITIES</b>		
Long-term debt, less current portion	17,732	34,781
<b>NET ASSETS</b>		
Without donor restrictions:		
Unrestricted	1,346,181	1,121,662
Unrestricted - Board designated	141,747	109,617
With donor restrictions	32,000	35,750
<b>TOTAL NET ASSETS</b>	<b>1,519,928</b>	<b>1,267,029</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,676,393</b>	<b>\$ 1,354,715</b>

Please refer to accompanying notes.

ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.  
dba PROJECT HOPE FOR THE HOMELESS  
STATEMENTS OF ACTIVITIES  
Years Ended December 31, 2020 and 2019

	2020			2019		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>SUPPORT AND REVENUE</b>						
Contributions:						
Individuals and estates	\$ 398,506	\$ -	\$ 398,506	\$ 324,677	\$ -	\$ 324,677
Churches	64,927	-	64,927	54,827	-	54,827
Other institutions	36,694	-	36,694	33,320	-	33,320
Corporate grant and foundation revenues	384,125	-	384,125	204,897	-	204,897
Federal program revenue	-	130,533	130,533	-	76,401	76,401
State program revenue	-	115,090	115,090	-	100,900	100,900
United Way revenue	-	76,267	76,267	-	77,501	77,501
Special events, net of \$6,225 and \$38,029 in expenses in 2020 and 2019, respectively	8,815	-	8,815	21,758	-	21,758
Workers Compensation dividend income	48,843	-	48,843	-	-	-
Investment income	18,741	-	18,741	16,781	-	16,781
Other income	343	-	343	-	-	-
In-kind contributions	155,558	-	155,558	183,831	-	183,831
	960,994	321,890	1,438,442	840,091	254,802	1,094,893
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>						
Satisfaction of Federal Program restrictions	130,533	(130,533)	-	76,401	(76,401)	-
Satisfaction of State Program restrictions	115,090	(115,090)	-	100,900	(100,900)	-
Satisfaction of United Way restrictions	80,017	(80,017)	-	74,251	(74,251)	-
Release of restricted donations for designated purpose	-	-	-	5,000	(5,000)	-
	325,640	(325,640)	-	256,552	(256,552)	-
<b>TOTAL SUPPORT AND REVENUE</b>	1,286,634	(3,750)	1,438,442	1,096,643	(1,750)	1,094,893
<b>EXPENSES</b>						
Program expenses	996,225	-	996,225	944,508	-	944,508
Management and general expenses	189,318	-	189,318	156,238	-	156,238
<b>TOTAL EXPENSES</b>	1,185,543	-	1,185,543	1,100,746	-	1,100,746
<b>INCREASE (DECREASE) IN NET ASSETS</b>	101,091	(3,750)	252,899	(4,103)	(1,750)	(5,853)
<b>NET ASSETS AT BEGINNING OF PERIOD</b>	1,231,279	35,750	1,267,029	1,235,382	37,500	1,272,882
<b>NET ASSETS AT END OF PERIOD</b>	\$ 1,332,370	\$ 32,000	\$ 1,519,928	\$ 1,231,279	\$ 35,750	\$ 1,267,029

Please refer to accompanying notes.

**ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.  
dba PROJECT HOPE FOR THE HOMELESS  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2020**

	<b><u>PROGRAM SERVICES</u></b>	<b><u>MANAGE- MENT AND GENERAL EXPENSES</u></b>	<b><u>TOTALS</u></b>
<b>EXPENSES:</b>			
Salaries and wages	\$ 530,928	\$ 136,434	\$ 667,362
Payroll taxes	48,660	12,501	61,161
Employee benefits	36,987	9,502	46,489
Occupancy	54,093	2,847	56,940
Office expense	43,895	13,113	57,008
Professional fees	-	10,217	10,217
Insurance	13,473	2,472	15,945
Client assistance and program supplies	65,411	-	65,411
Interest	2,216	117	2,333
Depreciation	40,192	2,115	42,307
Other	4,812	-	4,812
In-kind expenses	155,558	-	155,558
	<b><u>\$ 996,225</u></b>	<b><u>\$ 189,318</u></b>	<b><u>\$ 1,185,543</u></b>

Please refer to accompanying notes.

**ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.  
dba PROJECT HOPE FOR THE HOMELESS  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2019**

	<b><u>PROGRAM SERVICES</u></b>	<b><u>MANAGE- MENT AND GENERAL EXPENSES</u></b>	<b><u>TOTALS</u></b>
<b>EXPENSES:</b>			
Salaries and wages	\$ 478,987	\$ 114,003	\$ 592,990
Payroll taxes	41,517	9,884	51,401
Employee benefits	44,818	10,670	55,488
Occupancy	41,798	2,200	43,998
Office expense	44,567	4,952	49,519
Professional fees	5,745	9,335	15,080
Insurance	15,191	2,491	17,682
Client assistance and program supplies	36,687	-	36,687
Interest	3,026	159	3,185
Depreciation	48,341	2,544	50,885
In-kind expenses	183,831	-	183,831
	<b><u>\$ 944,508</u></b>	<b><u>\$ 156,238</u></b>	<b><u>\$ 1,100,746</u></b>

Please refer to accompanying notes.



**ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.  
dba PROJECT HOPE FOR THE HOMELESS  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 252,899	\$ (5,853)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation of property and equipment	42,307	50,885
Unrealized (gains) losses on investments	(18,629)	(16,414)
(Increase) decrease in assets:		
Grants and reimbursement contracts receivable	(30,755)	923
Contributions receivable	52,128	(38,633)
Unconditional promises to give	3,750	(3,250)
Prepaid expenses	3,093	3,106
Increase (decrease) in liabilities:		
Accounts payable	(1,185)	3,270
Accrued wages, benefits and related taxes and withholdings	4,002	2,424
Refundable advances	12,311	5,569
Other current liabilities	(275)	-
	<u>319,646</u>	<u>2,027</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>319,646</u>	<u>2,027</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deposits to Board restricted endowment fund, net of fees	(13,501)	-
Property additions	-	(14,564)
	<u>(13,501)</u>	<u>(14,564)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(13,501)</u>	<u>(14,564)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(16,174)	(15,321)
Borrowings under Paycheck Protection Program Loan	70,100	-
	<u>53,926</u>	<u>(15,321)</u>
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>53,926</u>	<u>(15,321)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>360,071</u>	<u>(27,858)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>213,101</u>	<u>240,959</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 573,172</u></u>	<u><u>\$ 213,101</u></u>

Please refer to accompanying notes.

**ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.  
dba PROJECT HOPE FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Ecumenical Shelter Network of Lake County, Inc. (dba Project Hope for the Homeless) (Project Hope) (the Organization) was incorporated in 1993 for the purpose of responding to the human hurts and hopes of persons in Lake County who are homeless, by providing emergency shelter, care and guidance in the name and for the sake of Jesus Christ. The Organization's most significant sources of revenue include Federal, State and local grant and foundation revenue, contributions and United Way funding.

**Accounting Basis**

The Organization maintains its financial statements on the accrual basis of accounting, in accordance with generally accepted accounting principles.

**Financial Statement Presentation**

The Organization's financial statements are presented in accordance with FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* and the provisions of Accounting Standards Update (ASU) 2016-14. ASU 2016-14 requires the Organization to report information regarding its financial position and activities in two categories of net assets as described below:

**Net Assets Without Donor Restrictions**

Net Assets Without Donor Restrictions are either not subject to donor-imposed stipulations or are subject to such restrictions but those restrictions have been met in the same fiscal period that the revenue is recorded.

**Net Assets With Donor Restrictions**

Net Assets With Donor Restrictions are subject to donor-imposed stipulations that may or will be met either by actions of Project Hope and/or the passage of time. Net Assets With Donor Restrictions totaled \$32,000 and \$35,750 as of December 31, 2020 and 2019, respectively, and consists of United Way funding promised as of December 31, 2020, and United Way funding promised and unspent grant revenues, restricted as to purpose, as of December 31, 2019.

**Adoption of ASC 606 "Revenue from Contracts with Customers"**

The Organization has adopted ASC 606 effective for its fiscal year beginning January 1, 2020, using the full retrospective approach. This standard requires an entity to recognize revenue when control of the related goods or services is transferred to the customer or patient. Revenues are recognized in an amount equal to the expected compensation to be received. Because Project Hope has no long-term performance contracts, and the vast majority of its contributions and grant revenues are not classified as exchange transactions, the adoption of this accounting standard did not materially impact the 2020 financial position, results of operations or cash flows of the Organization and no cumulative effect of a change in accounting principle has been recorded relating to this adoption.

**Property and Equipment**

Property and equipment is stated at cost if purchased, or at fair market value at the date of the donation, if contributed. Acquisitions of \$1,500 or more are capitalized. The costs of maintenance and repairs are charged to expense as incurred. Gains and losses on asset retirement or disposition are reflected in the Statements of Activities. Depreciation is computed using the straight-line method over the following estimated useful lives:

**ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.  
dba PROJECT HOPE FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**Property and Equipment (Continued)**

Land improvements	15 years
Building and building improvements	40 years
Furniture and equipment	3 - 7 years

**Investments**

Investments in debt and equity securities with readily determinable fair values, are reported at fair value in accordance with FASB ASC 958-320. Realized and unrealized gains and losses associated with such securities are recorded in the Statements of Activities.

**Fair Value of Financial Instruments**

Project Hope for the Homeless provides disclosures of its financial instruments in accordance with the requirements of FASB ASC 820, *Fair Value Measurements and Disclosures*, which requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

**Accounts/Grants and Reimbursement Contracts Receivable/Refundable Advances**

The funds due from various funding sources under grants and reimbursement contracts are recognized as revenue in the accounting period when expenditures are incurred and the grant funds are earned. "Grants and reimbursement contracts receivable" represents expended grant award funds due to the Organization. "Refundable Advances" represents unexpended grant award funds received.

The Organization considers all accounts/grants and reimbursement contracts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If accounts/grants or reimbursement contracts receivable become uncollectible, they will be charged to operations when that determination is made.

**Promises to Give**

Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions. The Organization uses the allowance method to determine uncollectible, unconditional promises receivable. The allowance is based on management's analysis of specific promises to give. Management has determined that no allowance is necessary as of December 31, 2020 and 2019. All contributions receivable have been collected within 2 months of the related year end.

**In-kind Contributions**

The Organization recognizes in-kind contributions of space, supplies and services in accordance with the guidelines outlined in FASB ASC 958-605. In-kind contributions of services are recognized as revenue in the financial statements if the services received (a) create or enhance non-financial assets (primarily property or other tangible or intangible assets) or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet this criteria, and promises to give such services, are not recognized. In-kind contributions of meals and volunteer services totaled \$155,558 and \$183,831 for the years ended December 31, 2020 and 2019, respectively.

**ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.  
dba PROJECT HOPE FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**Restricted Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as "Donor Restricted" support and revenue and as an increase in the related net asset classification. When donor-stipulated time or purpose restrictions expire, the related support is reflected as being "Released from Restriction" in the accompanying Statements of Activities and as "Net Assets Without Donor Restrictions" in the accompanying Statements of Financial Position.

**Compensated Absences**

Certain employees of the Organization are entitled to paid vacation, sick and personal days off, depending on their job classifications. None of these benefits vest and vacation leave is expensed as incurred.

**Statements of Cash Flows**

The Statements of Cash Flows are presented in accordance with FASB ASC 230. The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. As of December 31, 2020 and 2019, cash equivalents consisted of a money market account. Cash paid for interest totaled \$2,333 and \$3,185 for the years ended December 31, 2020 and 2019, respectively. There were no cash payments for income taxes.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates that affect the amount of assets, liabilities, revenues and expenses reported in the financial statements. Actual results could differ from those estimates.

**Income Taxes**

The Organization is a private non-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. None of the Organization's present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization has adopted the provisions of FASB ASC 740-10-25 which requires the disclosure of uncertain tax positions. There have been no interest or penalties recognized in the accompanying Statements of Financial Position or in the Statements of Activities relating to uncertain tax positions. Additionally, no tax positions exist for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease during the next 12 months. The Organization evaluates uncertain tax positions, if any, on a continual basis. The Organization's Federal income tax returns are generally subject to examination by the IRS for three years after they are filed.

**Disclosure of Subsequent Events**

The Organization is required to disclose the date through which subsequent events have been evaluated, in accordance with the requirements of FASB ASC Paragraph 855. The Organization has evaluated all events that occurred from January 1, 2021 through the date the accompanying financial statements were available to be issued (November 12, 2021) for proper accounting and disclosure in the accompanying financial statements.

**ECUMENICAL SHELTER NETWORK  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**Functional Allocation of Expenses**

The costs of providing emergency shelter and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated between program expenses and management and general expenses using various allocation methods that attempt to allocate the costs equitably in relation to the benefits provided. These allocation methods are based on square footage or full-time equivalents, as applicable.

**Impairment of Long-Lived Assets**

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of assets carrying value to its future undiscounted net cash flows. Impaired assets are recognized at the lower of fair value or carrying amount. No impaired assets were identified during the years ended December 31, 2020 and 2019.

**Credit Risk**

Financial instruments, which could potentially subject Project Hope to concentration of credit risk include cash and cash equivalents, grants, contracts and contributions receivable and investments. These financial instruments are all carried at their approximate fair value. The Organization's policy is to limit credit exposure on financial instruments and place its cash and cash equivalents with financial institutions that are credit worthy. Receivables are all considered fully collectible and are recorded based on a review of subsequent cash received. Investments, in general, are exposed to various risks, such as interest rate risk, credit risk and overall volatility.

**Reclassifications**

Certain balances in the December 31, 2019 financial statements have been reclassified to conform with the 2020 presentation.

**NOTE 2 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give totaled \$32,000 and \$35,750 as of December 31, 2020 and 2019, and represent United Way funds pledged for the subsequent fiscal year.

**NOTE 3 – GRANTS AND REIMBURSEMENT CONTRACTS RECEIVABLE**

Grants and reimbursement contracts receivable consist of the following as of December 31, 2020 and 2019:

<b><u>Description</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Community Development Block Funds	\$32,047	\$14,467
FEMA Funds	20,000	6,825
	<u>\$52,047</u>	<u>\$21,292</u>

**ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.  
dba PROJECT HOPE FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December 31, 2020 and 2019:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 116,989	\$ 116,989
Building and improvements	1,113,910	1,113,910
Furniture and equipment	<u>150,618</u>	<u>150,618</u>
	1,381,517	1,381,517
Less: Accumulated depreciation	<u>525,740</u>	<u>483,433</u>
Property and equipment, net	<u>\$ 855,777</u>	<u>\$ 898,084</u>

**NOTE 5 - FAIR VALUE MEASUREMENTS**

Project Hope for the Homeless values its financial instruments at fair value. In accordance with FASB ASC 820, fair value is defined as the price that the Organization would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. FASB ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Organization's investments. The inputs are summarized in the three levels, required by FASB ASC 820, and listed below:

Level 1 – Inputs represent unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access as of the measurement date.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets.

Level 3 – Unobservable inputs supported by little or no market activity significant to the fair value measurements.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Project Hope for the Homeless' investments are reported at fair value in the accompanying Statements of Financial Position. Investments as of December 31, 2020 and 2019 consist of pooled funds held by the Cleveland Foundation and are classified as Level 2 investments. These investments are valued using the market approach.

**NOTE 6 – BOARD RESTRICTED ENDOWMENT**

The Board restricted endowment consists of investments held by the Cleveland Foundation. Original cost, fair value, unrealized appreciation and investment income at December 31, 2020 and 2019, and for the years then ended, is summarized below:

**ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.  
dba PROJECT HOPE FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 6 – BOARD RESTRICTED ENDOWMENT (Continued)**

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Interest/ Dividend Income</u>
<b><u>December 31, 2020</u></b>				
Pooled investments held by the Cleveland Foundation	<u>\$114,747</u>	<u>\$141,398</u>	<u>\$ 26,651</u>	<u>\$ -</u>
<b><u>December 31, 2019</u></b>				
Pooled investments held by the Cleveland Foundation	<u>\$101,246</u>	<u>\$109,268</u>	<u>\$ 8,022</u>	<u>\$ -</u>

Investment fees totaled \$499 and \$250 during the years ended December 31, 2020 and 2019, respectively, and have been netted against investment income in the accompanying Statements of Activities.

**NOTE 7 – REFUNDABLE ADVANCES**

Refundable advances totaled \$20,250 and \$7,939 as of December 31, 2020 and 2019 and represents unspent grant funding received for services to be provided in the subsequent fiscal year.

**NOTE 8 – LONG-TERM DEBT**

Long-term debt consists of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Commercial mortgage note payable to bank in monthly installments of \$1,542, including interest at a fixed rate of 5.25%, through December, 2022, secured by land and building.	<u>\$34,881</u>	<u>\$51,055</u>
Less current portion	<u>17,149</u>	<u>16,274</u>
Long – term portion	<u>\$17,732</u>	<u>\$34,781</u>

Future maturities of long-term debt are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	<u>\$17,149</u>
2022	<u>17,732</u>
Thereafter	<u>-</u>

**NOTE 9 – LINE OF CREDIT**

Project Hope for the Homeless has a \$50,000 line of credit. There were no borrowings on this line of credit during the year ended December 31, 2020.

**NOTE 10 – DONOR RESTRICTED NET ASSETS**

Donor restricted net assets are available for the following periods or purposes as of December 31, 2020 and 2019:

<u>Description</u>	<u>2020</u>	<u>2019</u>
United Way Allocation	<u>\$32,000</u>	<u>\$35,750</u>

**ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.  
dba PROJECT HOPE FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 11 – UPMIFA AND RESTRICTED ENDOWMENT FUNDS**

The State of Ohio adopted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), effective in June, 2009. This act requires the prudent expenditure of endowment funds. Additionally, the Financial Accounting Standards Board (FASB) has issued guidance on the net asset classification of endowment funds and also requires enhanced disclosures for all endowment funds as detailed in FASB ASC 958-205. These disclosures are presented below.

**Net Asset Classifications**

As of December 31, 2020 all investments held in Project Hope’s Board Restricted Endowment account have been reflected as Board-designated net assets in the accompanying Statements of Financial Position.

**Board Designated Endowment Spending and Investment Policy**

Project Hope’s Board of Directors has authorized Project Hope to spend interest and dividend income earned from internally restricted endowment funds. Any unspent income is added to the remaining restricted principal balance of the endowment accounts. Any other withdrawals from endowment accounts require approval by Project Hope’s Board of Directors.

Changes in the Board Restricted Endowment fund during the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Endowment Account – Beginning of Period	\$109,268	92,854
Contributions	14,000	-
Distributions	-	-
Interest and dividends	-	-
Realized and unrealized gains and losses, net	18,629	16,664
Fees	<u>(499)</u>	<u>(250)</u>
Endowment Account – End of Period	<u>\$141,398</u>	<u>\$109,268</u>

**NOTE 12 – RELATED PARTY TRANSACTIONS**

During the years ended December 31, 2020 and 2019, contributions from members of the Organization’s Board of Directors totaled \$48,713 and \$60,579, respectively.

**NOTE 13 – NON-CANCELLABLE OPERATING LEASE AGREEMENT**

The Organization leases office equipment under an operating lease agreement that expires in July, 2024. Future minimum payments under this lease agreement are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$15,420
2022	15,420
2023	15,420
2024	8,995
Thereafter	-



**ECUMENICAL SHELTER NETWORK  
OF LAKE COUNTY, INC.  
dba PROJECT HOPE FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 13 – NON-CANCELLABLE OPERATING LEASE AGREEMENT (Continued)**

Rent expense during the year ended December 31, 2020 and 2019 totaled \$17,913 and \$10,085, respectively.

**NOTE 14 – LIQUIDITY**

Project Hope's primary source of 2020 revenues includes unrestricted contributions, grants and foundation revenues (accounting for 75% of revenues, excluding in-kind). Because the Organization's unrestricted revenue stream is substantial, Organization's management anticipates it will have no difficulty maintaining sufficient resources to meet any restrictions imposed by its donors during the upcoming year.

As of December 31, 2020, Project Hope had \$784,495 in unrestricted cash, investments and receivables available to meet obligations for general expenditures.



Specializing in Audits  
of Non-Profit Agencies

**LAURA J. MACDONALD**  
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**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Ecumenical Shelter Network  
of Lake County, Inc.  
dba Project Hope for the Homeless  
Painesville, Ohio

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Ecumenical Shelter Network of Lake County, Inc. (dba Project Hope for the Homeless) (a non-profit organization) which comprise the Statement of Financial Position as of December 31, 2020, and the related Statements of Activities, Functional Expenses and Cash Flows for the year then ended and the related Notes to the Financial Statements, and I have issued my report thereon dated November 12, 2021.

***Internal Control Over Financial Reporting***

In planning and performing my audit of the financial statements, I considered the Ecumenical Shelter Network of Lake County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ecumenical Shelter Network of Lake County, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Ecumenical Shelter Network of Lake County, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

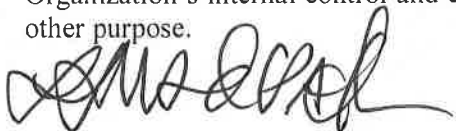
Board of Directors  
Ecumenical Shelter Network  
of Lake County, Inc.  
Painesville, Ohio

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Ecumenical Shelter Network of Lake County, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ecumenical Shelter Network of Lake County, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be 'MS & P', is written over the text 'other purpose.'

Medina, Ohio  
November 12, 2021