

H.O.P.E Through Divine Intervention, Inc.

Independent Auditor's Report for the
Year Ended
December 31, 2018

The Burroughs Group, LLC

H.O.P.E Through Divine Intervention, Inc.
Table of Contents for the Year Ended December 31, 2018

	Page
1. Independent Auditors' report on the Financial Statements-----	3
2. <u>Financial Statements</u>	
3. Statement of Financial Position-----	5
4. Statement of Activities-----	6
5. Statement of Cash Flows-----	7
6. Notes to the Financial Statements-----	8
7. Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards-----	12
8. Report on Compliance with requirements applicable to each major program and Internal Control over compliance in accordance with OMB Circular A-133-----	14
9. Schedule of Findings and Questioned Costs-----	16
10. Report of Prior Auditor Findings and Corrective Actions-----	18
11. Auditor Statement-----	19

The Burroughs Group, LLC
4319 Covington Hwy, Suite 303 Decatur,
Georgia 30035

Tel: 404-288-6363

Fax: 404-601-4598

Independent Auditor's Report

To the Board of Directors of
H.O.P.E Through Divine Intervention, Inc.
385 Holly Street
Atlanta, GA 30318

We have audited the accompanying statement of financial position of H.O.P.E Through Divine Intervention, Inc., (A non-profit organization) as of December 31, 2018 and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of H.O.P.E Through Divine Intervention, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we issued our report dated May 30, 2019 on our consideration of H.O.P.E Through Divine Intervention, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Burroughs Group, LLC
4319 Covington Hwy, Suite 303 Decatur,
Georgia 30035

Tel: 404-288-6363

Fax: 404-601-4598

Page 2

Our audit was performed for the purpose of forming an opinion on the basic financial statements of H.O.P.E Through Divine Intervention, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A133, Audits of States, Local Governments, and Non-Profit Organizations”, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Linda Burroughs, CPA

The Burroughs Group, LLC

Decatur, Georgia

May 30, 2019

H.O.P.E Through Divine Intervention, Inc.
STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2018

ASSETS

Current Assets	
Cash and Cash Equivalents	85,635
Inventories	463,429
Accounts Receivable	<u>102,571</u>
Total Current Assets	651,635
Fixed Assets	
Land/Building	3,281,659
Office Equip/Furniture /Vehicles	207,934
Accumulated Depreciation	<u>(1,921,205)</u>
Total Fixed Assets	1,568,388
TOTAL ASSETS	<u><u>\$2,220,023</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Current Liabilities	
Accounts Payable	13,618
Client Savings Escrow	<u>0</u>
Total Current Liabilities	13,618
Long-Term Liabilities	
Notes Payable	<u>1,263,824</u>
Total Long-Term Liabilities	<u>1,263,824</u>
Total Liabilities	1,277,442
Net Assets	
Unrestricted	942,581
Permanently Restricted	<u>942,581</u>
Total Net Assets	<u>942,581</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$2,220,023</u></u>

H.O.P.E Through Divine Intervention, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			-
Grants and Awards	278,087		278,087
Client Rent	96,479		96,479
Program Fees	32,960		32,960
			-
Total Revenues, Gains, and Other Support	<u>\$ 407,526</u>	-	<u>\$407,526</u>
EXPENSES			
Programs Services			
Program Services	315,239	0	315,239
Management and General	75,007	0	75,007
TOTAL EXPENSES	<u>390,246</u>	<u>0</u>	<u>390,246</u>
CHANGE IN NET ASSETS	17,280	0	17,280
NET ASSETS AT BEGINNING OF YEAR	<u>925,301</u>	0	<u>925,301</u>
NET ASSETS AT THE END OF THE YEAR	<u>\$942,581</u>	<u>\$0</u>	<u>\$942,581</u>

H.O.P.E Through Divine Intervention, Inc.
STATEMENT OF CASHFLOWS
For the Year Ended December 31, 2018

Cash Flows from Operating Activities	
Change in Net Assets	17,280
Adjustments to Reconcile Net Income to	
Net Income Provided by Operating Activities	
Depreciation	92,781
Accounts Payable	5,788
Accounts Receivable	73,422
Escrow Account	
Inventories	<u>(284,797)</u>
Total Adjustments	<u>(112,806)</u>
Net Cash Provided by Operations	(95,526)
Cash Flows from Investing Activities	
Net Assets Purchased/Retired	<u>4,213</u>
Net Cash Flows From Investing Activities	4,213
Cash Flows From Financing Activities	
Escrow Account	
Notes Payable	<u>169,960</u>
Net Cash Flows from Financing Activities	<u>169,960</u>
Net Increase in Cash	78,647
Cash Balance at the Beginning of the Year	<u>6,988</u>
Cash Balance at the End of the Year	<u><u>\$85,635</u></u>

H.O.P.E Through Divine Intervention, Inc.
Statement Of Functional Expenses
For the Year Ended December 31, 2018

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Advertising			0
Bank Service Charges		144	144
Client Activities	20,719		20,719
Conferences and Meetings			-
Contractual Fees	32,653		32,653
Depreciation	92,781		92,781
Donations	2,970		2,970
Dues and Subscriptions		470	470
Education and Training		3550	3,550
Client Housing Exp	43,589		43,589
Insurance		10,935	10,935
Interest Expense	27,377		27,377
Licenses and Permits		1,210	1,210
Medical transportation	294		294
Occupany	45,509		45,509
Office Supplies		1,792	1,792
Professional Fees	15,580	11,920	27,500
Program Supplies	1,208		1,208
Payroll Taxes	804	3956	4,760
RE Sales Expense	768		768
Repairs and Maintenance	18,549		18,549
Security	3,247	-	3,247
Staff and Personnel	4,900	41,030	45,930
Transportation	4,291		4,291
			-
Total expenses	<u>\$ 315,239</u>	<u>\$ 75,007</u>	<u>\$ 390,246</u>

H.O.P.E Through Divine Intervention, Inc.

Notes to the Financial Statements

December 31, 2018

Summary of Organization and Significant Accounting Principles

Organization

H.O.P.E Through Divine Intervention, Inc. is a nonprofit, 501©3 organization operating in the state of Georgia. H.O.P.E. was established in 2001 in response to the sudden increase of chronic homeless cases in the city of Atlanta. H.O.P.E. is recognized as a premier organization that provides services to the chronically homeless population. To date, H.O.P.E has made available over 160 beds at Holly Street in Atlanta and is operating an array of programs and services designed to aid homeless persons in becoming self-sufficient. The mission of the organization is to provide the community with affordable housing and supporting services in order to mentor and empower homeless individuals.

Programs:

Villas of H.O.P.E I Permanent Supportive Housing Program:

Provides permanent supportive housing to former chronically homeless persons. This housing program contains an “aftercare” component for persons who have successfully completed the transitional housing program, such as Villas of H.O.P.E II, Open Arms or another transitional housing program offered by a collaborative partner. Residents have access to a variety of on-site supportive services offered by HTDI, Inc. staff and collaborative partners.

Project Link

This housing project is designed to assist chronically homeless men most are men living with HIV/AIDS. Program participants reside in a safe environment where they have access to a variety of supportive services that promote sobriety, treatment adherence and healthy living. Participants are linked with collaborative partners where they can obtain both medical, mental health and emergency treatment programs.

Basis of Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants. The specialized accounting and reporting principles and practices contained in the Audit Guide are preferable accounting practices in accordance with statements of Financial Accounting Standards Number 117, issued by the Financial Accounting Standards Board. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Temporarily restricted net assets—Net assets subject to donor imposed stipulations that may or will be met, whether by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

The Primary source of revenue for the Organization consists of grants from governmental agencies, which, absent a specific restriction by the grantor, are considered to be available for unrestricted use. Grant revenue includes only that portion of the grant that was earned prior to the statement of financial position date. All grant funds received as of the statement of financial position date which is considered to be applicable to future years will be reflected as deferred revenue on the Statement of Financial Position.

a. Assets Restricted to Investment in Furniture and Equipment

Assets restricted to Investment in Furniture and equipment is stated at cost and includes expenditures for improvements and betterment which substantially increase the useful lives of the assets.

Donations furniture and equipment with values in excess of \$1,000 represent "in-Kind" donations to the Organization from private organization and are recognized as support when received.

Depreciation is computed on the straight-line method over the estimated useful life of the assets, which are principally five to seven (5-7) years. Maintenance and repairs are charged to operation as incurred.

Asset Depreciation Schedule			2017			
			Deprec	Prior Deprec	Accum Depr	Net Assets
Land	100,000		-	-	-	100,000
Building-Holly Street	3,181,659		81,641	1,549,990	1,713,271	1,468,388
Furniture and Fixtures	176,437		22,281	143,015	176,437	-
Office Equipment	31,497		-	31,497	31,497	-
					0	0
Total Assets	\$ 3,489,593		\$ 103,922	\$ 1,724,502	\$ 1,921,205	\$ 1,568,388

b. Contributions

Contributions are considered unrestricted unless otherwise stated by donor. Restricted donations are initially recorded as temporarily restricted net assets. When a donor restriction expires or purpose of restriction is accomplished. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

c. Restricted Revenues Received, Related Program Expense and Deferred Support

Contract revenues presented in the statement of activities are principally cost reimbursement contracts and are stated at amounts equivalent to the program expenses incurred.

The Organization records revenue when earned. All expenses are recorded on the accrual basis and are charged against operations when incurred. Donated materials are recorded at fair value on the date of donation as unrestricted support. Donated services have not been reflected in the financial statements. The impact of those services upon the financial statements is unknown as there is no objective basis available to measure

The value of such services. However, because recognition of donated services is venue would also involve recognition of corresponding expenses, there would be no effect on the net assets.

d. Income Taxes

The Organization was organized as a non-profit organization and has received exemption under the provisions of Section 501 © (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is provided for in the accompanying financial statements.

e. Allocation of Common Expenses

Certain common expenses which benefit more than one program are allocated, if applicable, based on estimated/s of time of employees involved and on percentages of assets utilized, and to the extent permitted in the funding source contracts.

f. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

g. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual could differ from those estimates.

h. Long-Lived Assets

The Organization reviews the carrying value of its long assets for possible impairment whenever of changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No adjustment has been provided for in the financial statements

i. Construction Loan Obligation

On December 10, 2008, the Organization entered into a construction loan with a local bank. The interest rate on the loan is fixed at 5.25% until maturity. The maturity date of the loan is November 30, 2036. This was refinanced by PNC Bank in 2018.

j. Long Term Notes Payable:

The following schedule outlines the current Long Term Notes Payable

	Date	Amount	Interest Rate	Interest Paid	Principal Payments	Balance as of 12/31/2018
Mortgage Note/PNC	3/1/2018	850,000	3.88	33,079	23,311	826,689
Line of Credit/PNC		100,000	4.60			-
Note Due Officer		260,712	4.00	-	-	260,712
LOC- First Citizens Bank		200,000	-	-	23,577	176,423
		Total				\$ 1,263,824

The Burroughs Group, LLC

4319 Covington Hwy, Suite 303 Decatur,
Georgia 30035

Tel: 404-288-6363

Fax: 404-601-4598

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
H.O.P.E Through Divine Intervention, Inc.
385 Holly Street
Atlanta, GA 30318

We have audited the financial statements of H.O.P.E Through Divine Intervention, Inc.; (a nonprofit organization) as of and for the year ended December 31, 2018 and have issued our report thereon dated May 30, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in Government Auditing Standards, issued by the Comptroller of the United States.

Compliance

As part of obtaining reasonable assurance about whether H.O.P.E Through Divine Intervention, Inc.'s financial statements are free of material misstatement, we performed tests of its 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 our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered H.O.P.E Through Divine Intervention, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely year by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

The Burroughs Group, LLC

4319 Covington Hwy, Suite 303

Decatur, Georgia 30035

Tel: 404-288-6363

Fax: 404-601-4598

Page 2

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Linda Burroughs, CPA,

The Burroughs Group, LLC,

May 30, 2019

The Burroughs Group, LLC

4319 Covington Hwy, Suite 303

Decatur, Georgia 30035

Tel: 404-288-6363

Fax: 404-601-4598

Report on Compliance with Requirements Applicable to Each Major Program and On Internal Control over Compliance in Accordance With OMB Circular A-133

To the Board of Directors of
H.O.P.E Through Divine Intervention, Inc.
385 Holly Street
Atlanta, GA 30318

Compliance

We have audited the compliance of H.O.P.E Through Divine Intervention, Inc., with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2018. H.O.P.E Through Divine Intervention, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of H.O.P.E Through Divine Intervention, Inc.'s management. Our responsibility is to express an opinion on H.O.P.E Through Divine Intervention, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about H.O.P.E Through Divine Intervention, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of H.O.P.E Through Divine Intervention, Inc.'s compliance with those requirements.

The Burroughs Group, LLC

4319 Covington Hwy, Suite 303

Decatur, Georgia 30035

Tel: 404-288-6363

Fax: 404-601-4598

Pg. 2

In our opinion, H.O.P.E Through Divine Intervention, Inc., complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2018. The results of our auditing procedures did not disclose any instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control over Compliance

The management of H.O.P.E Through Divine Intervention, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered H.O.P.E Through Divine Intervention, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely year by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Linda Burroughs, CPA

The Burroughs Group, LLC

May 30, 2019

H.O.P.E Through Divine Intervention, Inc.

Schedule of Findings and Questioned Costs

Year Ended – December 31, 2018

Part I- Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal Control over financial reporting:

Material Weakness identified Yes No
Reportable Condition(s) identified Yes None Reported
That considered being material
Weaknesses

Noncompliance material to
Financial statements noted? Yes No

Federal Awards

Internal Control over major programs:

Material weakness identified? Yes No
Reportable condition(s) identified that
Are considered to be material weakness Yes None Reported

Noncompliance material to financial
Statements noted? Yes No

Type of Auditor's report issued on
Compliance: for major programs: Unqualified

Any audit findings disclosed that are required
To be reported in accordance with Section 510(a)
Of Circular A-133 Yes No

The threshold amount is \$ 300,000

H.O.P.E Through Divine Intervention, Inc. qualifies as a low-risk auditee.

H.O.P.E Through Divine Intervention, Inc.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2018

Part II. Findings related to the Financial Statements

Instance of Noncompliance

No Matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

No matters were reported

Instance of Non-Compliance

No matters were noted.

|

H.O.P.E Through Divine Intervention, Inc.

Schedule of Prior audit Findings and
Corrective Action Plan
Year Ended December 31, 2018

Prior Audit Findings

There were no instances of non-compliance noted in the prior audit.

Corrective Action Plan

No Corrective actions were applicable in the prior audit.

The Burroughs Group, LLC

4319 Covington Hwy, Suite 303

Decatur, Georgia 30035

Tel: 404-288-6363

Fax: 404-601-4598

Audited Financial Statements- December 31, 2018

H.O.P.E Through Divine Intervention, Inc.

Atlanta, GA 30318

Independent Auditor:

The Burroughs Group, LLC

4319 Covington Hwy., Ste 303

Decatur, Georgia 30035